

STUDIES IN MARXISM 3

Second Edition

with Appendix: "The Polish Crisis 1980-82"

The SOCIALIST COUNTRIES

ERWIN MARQUIT

STUDIES IN MARXISM, Vol. 3

THE SOCIALIST COUNTRIES

*General Features of
Political, Economic, and Cultural Life*

Second Edition

with Appendix: "The Polish Crisis 1980-82"

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PREFACE TO THE SECOND EDITION

The combination of the theory of socialist societies with the descriptive and statistical material about these countries made the first edition useful as a textbook in several universities and colleges in the United States and Canada, and occasionally in other English-speaking countries. The author has also learned that it has been used by many Marxist study groups. Such study groups have long been a way of providing alternatives to the ideologically controlled curricula of our public education systems. The author was particularly pleased to learn that the book has even been used in trade-union study groups in the Caribbean.

Anyone reading the first edition during the Polish crisis of 1980-82 would most certainly have tried to relate the material in the book to the events that unfolded in Poland. The events in Poland, however, were presented by the Western media in such distorted form that an understanding of the crisis would indeed be difficult. The author therefore felt that a new edition was warranted even if all that was new in it was a description and analysis of the crisis in Poland based on information gathered during his four visits to Poland between September, 1980, and November, 1982.

Except for the Appendix on the Polish crisis 1980-82 and the corresponding changes in the table of contents and some changes in page numbering, the second edition is identical to the first.

There is still the question of the timeliness of a more substantial revision embracing changes in general features of the socialist countries since the appearance of the first edition. The author believes that while the beginnings of such changes in economic organization are just becoming visible, they have not yet progressed far enough to allow for generalization and assessment. Such a discussion is particularly difficult in the face of the severe economic crisis in the capitalist world that began in the mid-1970s. This crisis was not without its

effects on the socialist countries, since they do carry on a certain amount of trade with capitalist countries. The disruption in trade caused by the economic crisis in the capitalist world did have an adverse effect on the growth rates of some of the socialist countries. Nevertheless, the socialist countries as a whole continued to expand their economies even while the capitalist economies were contracting. The author feels that the general features of the socialist countries are still adequately reflected by the original edition and that after the new five-year plans for 1986-90 are adopted, a new look at the general features of the socialist countries will be timely.

PREFACE TO THE FIRST EDITION

One-third of the world lives under socialism. The influence of the socialist countries extends far beyond their borders. The fact that their influence continues to grow despite the recurring predictions of economic and political collapse which characterize the reports about these countries in the U.S. media has led many people to seek more information about life in these countries from sources not hostile to the very idea of socialism.

This book was written primarily for those interested in the "other side of the story," interested in a view of the socialist countries as these countries see themselves, and was written by one who has taken part in the day-to-day life of a socialist country and witnessed the building of a new social order.

The book is also intended for those who are familiar with many aspects of the theory of scientific socialism as formulated in the writings of Marx, Engels, and Lenin, but who are concerned about whether the developments in the socialist countries are really compatible with the ideas of these great thinkers and revolutionaries.

Other persons for whom this book is intended are those who see the socialist countries as the principal ally of oppressed people struggling to free themselves from imperialism and monopoly capitalism. These persons feel a need to be better equipped with factual data and Marxist analysis to correct distortions, whether resulting from lack of information and misunderstanding or from slanders directed against the socialist countries by the right and ultraleft.

Many adherents of socialism are unaware of the great difficulties encountered in carrying out such a fundamental transformation of society and they find themselves disoriented when faced by events and disturbances such as those that took place in Hungary in

1956, Czechoslovakia in 1968, Poland in 1970, or China in 1976. Any such crises in the development of a society can only be understood when they are seen not in melodramatic isolation, but embedded in their social context, surrounded by complex facts and figures as they are in real life. I hope that this book may supply the context within which a thoughtful reader can reach his or her own conclusions. More is to be learned about socialism by studying its not-always-smooth evolution in actually existing societies than by contemplating some ideal utopian model. It is hoped that an analysis of the common features of social transformation in countries which embarked on the socialist path from widely varying starting points will provide a deeper understanding of the differences that occur among them and the difficulties that have had to be overcome in practical life.

Many books and booklets about the socialist system have recently been published in English by the socialist countries, especially in the Soviet Union and the German Democratic Republic. These books are extremely useful, and I have made extensive use of them. The reader will find them listed in the Notes and in the Bibliography, both of which appear at the back of this book. Most of these books, however, limit themselves to material about one country. When they refer to other socialist countries, they do so with much less comparative data than are presented here and do not deal with many questions a U.S. reader would be likely to raise. Moreover, when writing about other socialist countries, the authors usually observe a sort of "protocol" of not including material about another country with which their own countries are allied ideologically if it is likely to be interpreted or misinterpreted as criticism.

Much of the basic data was obtained directly from the statistical yearbooks published by the individual socialist countries. These statistical books are sometimes available in abridged form in English. The more detailed data are usually published only in the native language of the country, although a few countries publish an accompanying book containing translations of the table headings into other languages. Other major sources of information were books, newspapers, magazines, and reports published in the individual countries in a variety of languages. Some were sent to me directly, others were obtained during my travels abroad. In the case of a country with a language I cannot read, it was usually possible to obtain materials translated into a language I know, since the socialist countries often translate political and economic materials into the languages of other socialist countries or into English. They

also translate into their own language materials from other socialist countries. For example, I did not have materials published in Mongolia, but details of the five-year plan of Mongolia and the political, economic, and social policies followed there could be found in a book containing the basic reports of the 27th Congress of the Mongolian People's Revolutionary Party published in Polish in Warsaw. Other data on Mongolia were available in the statistical yearbooks of the German Democratic Republic, while articles on Mongolia written by Mongolian leaders were available in the English-language edition of the *World Marxist Review* edited in Czechoslovakia.

In exploring topics of interest, I often studied questions not ordinarily discussed in other books on socialism. In several cases the results were quite unexpected, but they were included in this book whether or not they would be regarded as a plus or minus for socialism. Although I do not deny my partisanship for socialism, I nevertheless feel that the strength of socialism lies not in the illusions created by rose-colored glasses, both of which are easily shattered, but in its ability to find realistic and humane solutions for the problems that face society.

The topics discussed are intended to serve as illustrations of the approaches taken in various socialist countries to deal with their most important problems. I make no claim to completeness. Many areas of life have been omitted altogether for reasons of space as well as lack of information. The statistical material is based almost entirely on books and other publications available from the countries discussed. Where data are missing, it is sometimes because no official data have been released (this is usually the case with respect to China) or because the materials were not readily accessible to the author. In other cases, the data could have been found had I chosen to devote more time to searching them out, but I did not do so if there were already sufficient data from other countries.

A great deal of background material comes from my own experiences in the socialist countries. I lived in Poland during the years 1951-63 as a refugee from McCarthyism and worked as an engineer in an electrical equipment factory and later as a teaching assistant at the University of Warsaw while obtaining a doctorate in physics. I did scientific and technical translating and journalistic writing and editing. I was also active as a shop steward in the Polish Metalworkers' Union and as a member of the Polish United Workers' Party and the Polish Teachers' Union. Since my return to the United States in 1963, I have made frequent trips to the European socialist countries.

The countries embraced by this study refer to themselves as *socialist* countries. In doing so, they are reflecting the Marxist theory of social development, according to which socialism is the period of transition from capitalism to the higher stage of communism. Then, in a communist society, products of social labor will be distributed according to need rather than according to work performed. These countries are often erroneously called *communist* countries, sometimes to indicate that Communists are in the political leadership of these lands, sometimes out of ignorance of the distinction Marxists make between the terms *socialism* and *communism*, and sometimes out of deliberate political bias (especially by those who regard the very term *communist* as a pejorative), in order to refer to these countries differently from the manner in which they refer to themselves. Even such a presumably dispassionate source as the Library of Congress Card Catalog System makes this misidentification.

Since many of the countries have, during recent years, changed their own names, it may be useful to list all the countries here by their current official names. They are: the People's Republic of Albania, the People's Republic of Bulgaria, the People's Republic of China, the Republic of Cuba, the Czechoslovak Socialist Republic, the German Democratic Republic, the Hungarian People's Republic, the Korean People's Democratic Republic, the Mongolian People's Republic, the Polish People's Republic, the Socialist Republic of Rumania, the Union of Soviet Socialist Republics, the Socialist Republic of Vietnam (although we will be dealing largely with the northern part, which, prior to reunification, was known as the Democratic Republic of Vietnam), and the Socialist Federal Republic of Yugoslavia. (The choice of these fourteen socialist countries to be included in this survey is discussed in Chapter One.)

The stimulus for writing this book came from my participation in an interdisciplinary course on Marxism at the University of Minnesota, in which I have been responsible, among other things, for a segment dealing with the characteristics of the socialist countries.

I wish to thank my many colleagues, students, friends, and my wife Doris, who have read and commented on various parts of this book, both during its preparation as lecture notes and as a finished manuscript.

The excerpt from *Socialist Democracy* by Georgi Shakhnazarov in Section 4 of Chapter Two is reprinted with the permission of Progress Publishers.

Chapter One

COMMUNIST AND WORKERS' PARTIES

1. Introduction

This survey deals with the fourteen socialist countries which have established socialism between the years 1917 and 1959 under the leadership of Marxist-Leninist parties. They are Albania, Bulgaria, China, Cuba, Czechoslovakia, the German Democratic Republic (GDR), Hungary, the Korean People's Democratic Republic (Korean PDR), Mongolia, Poland, Rumania, the Soviet Union (USSR), Vietnam, and Yugoslavia. The term *socialist* is used to describe societies in which the major part of the means of production is owned by the people who perform the work. This ownership can be as property of the nation as a whole, as cooperative property or as family farms. (The forms of property under socialism are discussed in detail in Chapter Two.)

Although other states have joined this socialist community since then, sufficient time has not yet elapsed to include them in a study of the principal regularities of socialist development. One of the socialist countries, Vietnam, has recently been reunited after being divided in two in 1954. The discussion here will deal with the northern part, which was known as the Democratic Republic of Vietnam (DRV) prior to reunification.

The stage of socioeconomic development from which the transition to socialism began ranged from the patriarchal-feudal society of Mongolia, semifeudal Hungary, Rumania and Albania, to the more developed capitalist societies of eastern Germany and Czechoslovakia. It is therefore not surprising that many differences as well as regularities appear during this period of transition. "All nations will arrive at socialism — this is inevitable," wrote Lenin, "but all will do so in not exactly the same way, each will contribute something of its own to some form of democracy, to some variety of the dictatorship of the proletariat, to the varying rate of socialist transformations in the different aspects of social life."¹

In the revolutionary process that takes the control of the state out of the hands of the former exploiting classes, control over the means of production passes into the hands of the producers. All exploitative relations, however, are not eliminated immediately; small-scale forms of exploitation, where private profit is made from the hired labor of others — the labor of workers or peasants in agriculture, in trade, in small manufacturing and the crafts — can last for a long time. This has been regarded as necessary in order to guarantee the necessary supplies of food, services, and consumer goods in a period of fundamental reorganization of the economy and social relations. Although the transfer of state power is a rapid process, the forces of production (which include not only workers and peasants, factories, tools, machinery, farm implements, draft animals, but also the technological organization of the production process) change much more slowly.

Differences in the level of socioeconomic development of various countries give rise to differences in the relative sizes of the working class and peasantry and the petty bourgeoisie. These differences, along with the past history of class struggles in the individual countries, lead to differences in the various sociopolitical and economic forms adopted in the period of transition from capitalism to a developed socialist society.

Despite these differences, there is a readily discernable similarity in the direction of development as a consequence of the fact that the social basis of the new system is the same.

Perhaps the most indicative measure of the change in the social structure of the socialist countries is the change in the percentage of the total population earning wages and salaries. Table 1-1 shows data on the number of people working for wages or salaries (hereafter referred to as "employed people") in all branches of the economy, including agriculture (but not including cooperative

farmers). It is seen that in 1950 the number of employed people (where data are available) ranged from 7% in Albania and Mongolia to 29% in the German Democratic Republic. For the ten countries shown, the average was 17%. In the United States the corresponding figure was 34%. By 1975 the average rose to 33% for the same ten socialist countries, an increase of sixteen percentage points, while the corresponding figure for the United States rose to 40% , a rise of six points. (The average* for the Common Market countries of Western Europe was 32% in 1972.) Thus the gap between the socialist countries and the developed capitalist countries narrowed considerably and in three cases, Bulgaria, Czechoslovakia and the GDR, the percentage of employed people is now higher than in the United States, a reflection of their level of industrialization, the greater employment of women, and absence of unemployment.

In examining the life of the socialist countries, one should continually keep in mind the rapidity of this change in social structure. Traditions and cultures change far more slowly and, as a consequence, many difficulties have to be overcome by the people of a nation in the process of reshaping the very structure of their lives in so short a time.

*The percentage for the Common Market represents the average, calculated by adding together all employed persons and dividing by the combined population of the member countries (*weighted average*). However, for the socialist countries the average was calculated by adding the percentage for each country and dividing by the number of countries (*unweighted average*). Unless indicated otherwise all averages appearing hereafter will be unweighted averages. The emphasis of this book is on the general features of the socialist countries. The unweighted averages better reflect what is more typical in the presence of differences, since each country, large or small, is treated with equal weight.

TABLE 1-1
Percentage of Employed People in the Total Population

	1950	1975
Albania	7	20 (1973)
Bulgaria	12	42
Czechoslovakia	28	45
German Democratic Republic	29	44
Hungary	20	37
Mongolia	7	17
Poland	25	36
Rumania	13	30
USSR	22	40
Yugoslavia	11	22
<i>Average</i>	17	33
United States	34	40
Common Market	29 (1958)	32 (1972)

2. Role of Marxist-Leninist Parties in Social Transformation

In every socialist country, the leading political force is a Marxist-Leninist working-class party. (The role of other parties will be discussed later.) It is called Marxist because its ideology is based on the analysis of the laws of socioeconomic development and scientific socialism discovered by Karl Marx (and his co-worker Frederick Engels) and elaborated further by Vladimir I. Lenin. It is also called Leninist because of Lenin's role in developing the organizational principles around which a working-class party must be built if it is to become an effective force in leading the struggle for

the revolutionary transformation of society to socialism and communism. In most socialist countries these parties carry the name Communist Party, but in some they have other names either because the parties took on different names when Communist Parties were reorganized after having been outlawed or because they were formed through the merging of a Communist Party with other working-class parties such as socialist or social-democratic parties. The international family of Marxist-Leninist parties often refer to themselves as Communist and Workers' Parties. We will refer to them simply as Communist Parties.

The political leadership of the Communist Parties in all 14 countries under discussion grew directly out of the role these parties played as the leading force in the socialist revolution in each country. Sometimes Cuba is cited as an exception. But even there, the present Communist Party was formed out of the fusion of the three political organizations that had joined together in a revolutionary democratic movement to overthrow the Batista dictatorship and to free Cuba from U.S. imperialism. These organizations were the Popular Socialist Party (Cuba's original Communist Party), Fidel Castro's July 26 Movement, and the student-based Revolutionary Directorate. In its initial phases, the movement had not set socialism, but simply the establishment of a democratic and free Cuba, as its goal.

In *The Role of the Communist Party in Socialist Society*, Georgi Shakhnazarov outlines three main forms of Party guidance of society: political, ideological and organizational. "The programmes of the Party," writes Shakhnazarov, "constitute the basis of its political line. In these programmes the results of carrying out the tasks of the stages of building communism are summed up and long-term prospects are outlined."² For example, the five-year plans for national economic development are usually outlined at the congresses of the Party and form the basis for a more detailed document drawn up by the national planning bodies and eventually legislated into law. Prior to the adoption of the outline of the national economic plan, the Party organizes nationwide discussions with a twofold purpose. First of all it is necessary to explain the significance of the goals of the plan and its relation to the objectives of raising the material and cultural living standards of the population. These discussions also serve to get feedback from the population concerning the need for possible modifications of the plan. The discussions continue until the final adoption of the plan into law. At this point the Party then concerns itself with the practical implementation of these decisions.

The leading position of the Communist Parties is statutory and based on the generally recognized authority and respect with which the Party and Party members are regarded by the general population. On the other hand, the Party and state are separate institutions. The Party exercises its leadership through its ability to influence current policies through Communists and through the various forms of public review of the functioning of governmental bodies. Thus the rules of the Bulgarian Communist Party say: "Party organs shall not substitute for administrative and economic organs and organizations, and shall not allow any confusion between the functions of Party and other organs, or unnecessary duplication of work."

Each country has its own forms of implementing this principle of separation of function. The Communist Party of the Soviet Union and several other parties provide for the establishment of Party caucuses at congresses, conferences, and meetings called by government agencies or trade unions, cooperatives, and other mass organizations to bring forth the Party policies at these meetings. In Rumania, on the other hand, the same person in the Party leadership is responsible for a given sphere of activity on Party and state lines.

To fulfill its role of political, ideological, and organizational leadership, the Party membership embraces roughly 10% to 20% of the working population, which means 5% to 10% of the entire population, as can be seen from Table 1-2. In this way, the needs, concerns, and moods of the population are able to find reflection in the Party's policies. Moreover, the Party's decisions and policies can be rapidly disseminated among the population and implemented on a wide base of understanding.

It is a mistake to identify the size of Party membership with the number of people in the general population who support the Party's leadership or policies. Membership in the Communist Parties signifies much more than support for the Parties' programs and ideology. It represents a commitment to engage in sociopolitical activities on a day-to-day basis, a commitment to devote a considerable portion of one's spare time to political activity. Membership in the Communist Party gives one no special privileges, but does entail many obligations, including attendance at meetings (one is reminded of Oscar Wilde's quip that socialism would take too many evenings). Moreover, members have to pay dues. The fact that the most politically active part of the population constitutes 10% to 20% of the working population is rather striking evidence of the general support enjoyed by the Parties in those countries.

TABLE 1-2
*Size and Composition of Communist
 and Workers' Parties (1974-76)*

<i>Name of Party</i>	<i>% of Pop.</i>	<i>% Workers</i>	<i>% Peasants</i>
Party of Labor of Albania	4	38	29
Bulgarian Communist Party	8	41	25
Communist Party of China	...	...	...
Communist Party of Cuba	2	...	...
Communist Party of Czechoslovakia	9	44	5
Socialist Unity Party of Germany	12	57	6
Hungarian Socialist Workers' Party	8	59	14
Workers' Party of Korea	...	...	...
Mongolian People's Revolutionary Party	5	31	19
Polish United Workers' Party	7	41	11
Rumanian Communist Party	12	48	22
Communist Party of the Soviet Union	6	42	15
Working People's Party of Vietnam ^a	5	11 ^b	52 ^b
League of Communists of Yugoslavia	7	28	6

^aIn 1976 renamed "Communist Party of Vietnam."

^b1970.

The Communist Parties consider themselves parties of the working class even in those underdeveloped countries in which the working class does not yet constitute a majority of the working population, for example, Mongolia and Vietnam. Marx and Engels, in their study of social development, concluded that the social consciousness of the working class is shaped by the socialized nature of the labor process under capitalism. This socialization of

labor conflicts with private ownership of the means of production and the products of production. Marx and Engels saw that the working class, already socialized in the labor process, would recognize that its class interests lay in the transformation of the privately owned means of production into socially owned property, from which springs the potentially revolutionary character of the working class. The peasantry, on the other hand, would see its class interests, at least initially, only in the abolition of feudalism and landlordism and not go beyond the formation of family farms. The lower degree of socialization in agriculture does not lead the peasantry to desire large-scale socialized forms of land use. The sugar plantations in Cuba were indeed associated with highly socialized forms of labor and the Cuban peasantry did not attempt to break up the big plantations into small family farms, but immediately after the revolution turned them into state farms.

Marxists thus consider it necessary that a party based on the working class give political leadership to the transition from capitalism to socialism. Although individuals who are not members of the working class can see this historic role of the working class and identify their futures with those of the working class (as did Marx, Engels, Lenin, and others), the political stability of the Party and its ability to organize itself as a cohesive, disciplined force in the face of difficulties without being deflected from the socialist path is connected with the extent to which the Party is able to maintain its roots in the working class. Communist Parties thus pay careful attention to questions such as the class composition of the Party membership as a means of ensuring that the interests of the working class are always served by the Party's policies. When this is not done, there is a danger, especially when problems arise as a result of past mistakes, that policies will be adopted which reflect the short-term interests of nonworking-class strata at the expense of the working class and weaken the socialist basis of the society. The Czechoslovak Communist Party now considers that the failure to pay sufficient attention to the working-class composition of the Party prior to 1968 was partly responsible for the crisis which arose then within the Party. Since that time, vigorous measures were taken to increase the working-class membership of the Party to the level now shown in Table 1-2.

None of the Parties believes that numbers of members or percentages of members in various categories alone will guarantee that the parties develop policies that most adequately reflect the needs of the individual country and people. What the Parties maintain, however, is that under the conditions of social ownership of the

means of production a balanced Party membership provides the necessary basis for discussion, formulation, and implementation of such policies, provided there is continuing active and effective participation of the membership at all levels. It is in this latter connection that the literature and documents of Party publications continually stress the need for raising the ideological level of Party members and for improving the work of Party organizations. About one-third of the main report to the 25th Congress of the Communist Party of the Soviet Union (CPSU) delivered by its General Secretary, Leonid Brezhnev, in February, 1976, was devoted to this question.³ For example, after noting that the Party membership increased threefold during the past 30 years, he said: "However, the CPSU does not press for numerical growth. It admits only those who have proved in practice that they are joining the Party not for the sake of obtaining some advantages, but to work selflessly for the benefit of communism, as Lenin put it."

Further on, Brezhnev stated: "The level of Party guidance directly depends on how much vigor and initiative is displayed by the *primary Party branches*, which make up the basis of our Party. The primary Party branches are in the forefront of economic and cultural construction, working in the very midst of the people. The whole of their active effort helps to blend the Party's policy with the vital creativity of the masses, promoting the successful fulfillment of economic-political and ideological-educational tasks." On the question of criticism and self-criticism we find Brezhnev stating: "The substance of the method of criticism and self-criticism . . . is that every aspect of the activity of this or that organization, of this or that individual should be given an objective evaluation. It is that the existing shortcomings should be subjected to all-round analysis in order to eliminate them. It is that there should be no liberalism towards shortcomings or those who allow them. Trust and respect for people should go hand in hand with a high exactingness towards those responsible for assignments." Finally, on the qualities of a Party leader, Brezhnev asserted: "He who has lost his ability to make a critical assessment of his activity, he who has lost touch with the masses, who breeds toadies and bootlickers, and who has lost the trust of the Communists cannot be a Party leader."

An important factor in ensuring the success of Party leadership in guiding the state and society as a whole is the principle of collectivity of leadership. The leading role of the Party becomes weakened when collectivity of leadership is replaced by a personality cult such as arose around Stalin and Mao. Such departures from what are known as Leninist standards of Party life not only

lead to negative consequences in the country concerned, but will also have adverse effects on relations with other Parties and other socialist countries. The CPSU and a number of other countries spared no effort in eradicating the harmful consequences of the personality cult on both the national and international plane. The objective regularities behind the maturing of socialist social relations create conditions for overcoming such negative phenomena, which are intrinsically alien to the new system.

Since the dissolution of the Communist International in 1943 there has been no formal international organizational center to whose decisions individual Communist Parties are bound. From time to time, representatives of Communist Parties meet together to discuss problems of mutual interest. Such meetings may be bilateral, regional or even worldwide. Joint statements or resolutions outlining the common positions arising out of the consultations are often issued at the conclusion of such meetings. Among the ruling Communist Parties, however, there has necessarily developed particularly close relationships arising out of the common economic sociopolitical regularities of the countries making up the world socialist community (with certain obvious exceptions). The gradual but steady development toward integration of the socialist economies, the general consolidation of political, ideological, economic, military, scientific, technical, and cultural cooperation, leads to increasing exchanges of experiences in Party leadership on all levels and the deepening of fraternal relationships among the Parties.

The final statement issued from the Conference of Communist and Workers' Parties of Europe held in Berlin at the end of June 1976 summarized this relationship between the Parties in the following words:

The Parties participating in the conference will continue to work actively for a Europe of peace, cooperation and social progress. In this spirit, they will develop their internationalist, comradesly and voluntary cooperation and solidarity on the basis of the great ideas of Marx, Engels and Lenin, strictly adhering to the principles of equality and sovereign independence of each Party, non-interference in internal affairs, and respect for their free choice of different roads in the struggle for social change of a progressive nature and for socialism. The struggle of each

Party for socialism in its own country and its responsibility towards the working class and the people of that country are bound up with mutual solidarity among working people of all countries and all progressive movements and peoples in their struggle for freedom and strengthening of their independence, for democracy, socialism and world peace.⁴

3. Relations between the Communist Parties and the Other Parties in Socialist Countries with Multiparty Systems

Socialist countries may have one or several political parties. The first Soviet government formed by the Bolshevik Party (later renamed the Communist Party of the Soviet Union) included the Left-Socialist Revolutionaries, the other significant political groupings having gone over to military opposition against the new Soviet power. The Soviet Union became a one-party state when the Left-Socialist Revolutionaries themselves attempted a military uprising.

A number of new socialist states emerged in the years following World War II. In Europe the process began during the war itself in the struggle for liberation from Nazi occupation and control, while in Asia the struggle against Japanese occupation took on the character of an anticolonial national-liberation struggle. The liberation and antifascist movements were of a national character and embraced various strata and classes in the individual countries. In many countries, Communists were the principle organizers and leaders of the resistance and partisan (or guerrilla) movements and won sufficient support and prestige among the working-class and nonworking-class sectors of the population to lead the organization of governmental authority in the postliberation period. In some countries the Communist Party was the only major political organization that was completely untarnished by collaboration with the fascist occupation. Even in countries in which the capitalist system was continued, such as France and Italy, the Communists were universally recognized as the main organizers and leaders of the partisan movements and emerged from the war as the best organized political force. The strong support that the Communist Parties of Italy and France enjoy today is due, in no small measure, to the record they established during the Nazi occupation.

In Eastern Europe, North Korea and Vietnam, coalition governments were formed in which the Communists played the leading or major roles. In the course of the fierce class struggles that ensued, primarily over questions of land reform and nationalization, a new political system known as *people's democracy* took shape. Communist and Socialist parties formed joint national unity fronts with some of the other parties or with left-wing factions of other parties (in many ways similar to the Popular Unity coalition that came into power in Chile under President Allende). Eventually most of the Socialist and Communist parties merged. The political struggles between the procapitalist and prosocialist forces took on both parliamentary and extraparlimentary forms as the continuing process of land reform and nationalization undercut the power base of the right-wing opposition. In the end, the right-wing opposition parties atrophied for lack of support or replaced their leadership and merged with parties supporting the government coalitions. In some cases, e.g., Hungary, they were forced to disband. The system that emerged in many of the people's democracies still retained a multiparty character, but not in the sense of parties contesting for political power.

Thus in a country like Poland there is a National Unity Front in which the Polish United Workers' Party plays the leading role. This party, with a membership of 2,568,000 in 1976, grew out of a merger of the Polish Workers' Party (Communist) and the Socialist Party. Other parties in the front include the United People's Party (420,000 members) and the Democratic Party (94,000 members). The former was a fusion of peasant parties and the latter was associated with the interests of the petty bourgeoisie: small entrepreneurs, tradesmen, artisans and craftsmen, and some professionals. The working-class party, the Polish United Workers' Party (PUWP), includes in its own membership workers, peasants, and intellectuals and seeks to pursue policies reflecting the interests of society as a whole. (It is worthwhile noting that there are as many peasants and agricultural workers in the PUWP as there are in the United People's Party.) Nevertheless, the members and supporters of the nonproletarian parties feel that their special interests and needs will be better reflected through the retention of their traditional organizations, which have their own representatives in the policymaking bodies of the Front and in the parliament and local government bodies.

In discussing socialist multiparty systems, the Soviet political scientist Georgi Shakhnazarov writes that the chief distinction of such a multiparty system is that "it is an instrument of *permanent*

cooperation between parties representing specific interests of different sections of the population in governments led by the Communist Party, the latter representing the interests of all working people and supervising the whole process of socialist construction. The parties collaborating with the Communists in the building of the new society officially recognize the leading role of the Communist and Workers' Parties and expressly state this in their Statutes."⁵

Similarly, the National Unity Front of Poland also includes representatives of other organizations, for example, the trade unions, the Women's League, and the Union of Polish Socialist Youth, which likewise have their own representatives in parliament and in the local governments. The inclusion of such organizations in a national front or bloc is characteristic of all socialist countries, whether or not they have a multiparty system.

Table 1-3 illustrates the division of seats in the People's Chamber (parliament) of the German Democratic Republic among the major parties and organizations making up the National Front of Democratic Germany. The Socialist Unity Party is the Marxist-Leninist working-class party which emerged from the fusion of the Communist Party and the Social-Democratic Party.

TABLE 1-3

*Division of Seats in the People's Chamber (Parliament)
of the German Democratic Republic*

	<i>Seats</i>
Socialist Unity Party	127
Christian Democratic Union	52
Liberal Democratic Party of Germany	52
National Democratic Party of Germany	52
Democratic Peasant Party of Germany	52
Free German Trade Unions	68
Women's Democratic Federation	35
Free German Youth	40
League of Culture	22
Total	500

Other socialist countries with political systems that include other parties in addition to the Communist Parties are Bulgaria (Bulgarian Agrarian People's Union), Czechoslovakia (Czechoslovak Socialist Party, Czechoslovak People's Party, Slovak Reconstruction Party, and Slovak Freedom Party), Korean PDR (Chendoist Chongu Party — peasant — and Democratic Party). In Vietnam, before the unification, the national front in the North also included the Democratic Party and the Socialist Party.

Chapter Two

SOCIALISM, SOCIAL GOALS, AND DEMOCRACY

1. The Need for Planning

To some readers it would seem logical that after our discussion of political parties the next subject should be the system of government. We encounter, however, a fundamental difference between philosophy of government in capitalist and socialist societies. Under capitalism, economic development is considered largely to be a spontaneous process, a consequence of the business operations of innumerable enterprises, large and small, at most stimulated by government intervention. The primary function of government is to maintain the capitalist relations of production through the enforcement of property laws, both between capitalist and worker as well as among capitalists themselves.

Basic to capitalist investment is the process by which a worker sells his labor power for a definite amount of time and retains no right over the product of his labor. It is this product of labor that becomes the source of capitalist profit. Any attempt by the worker or workers whose labor was responsible for this product to assert ownership or otherwise retain control over this product (or appropriation by anyone other than the enterprise that hired the workers)

would bring forth the power of the state — police, courts, or in extreme cases, the national guard or army — to ensure that these basic property relations are enforced.

Investments are made for profit, and capitalist profit is transformed into money through the sale of commodities. As we so often see today, the social usefulness of or harm done by a commodity is a matter of indifference to the capitalist investor, so long as it can be sold for a profit.

Capitalist production requires other types of regulation such as systems of weights and measures, and certain investments beyond the means of individual enterprises such as roads, water supply, sewerage and the like. At first, the ideologists of capitalism asserted that questions connected with living standards and social welfare would be solved spontaneously by the system itself as if guided by some invisible hand. Eventually it became clear that the system would not survive unless the state took steps to cope with at least some of the great social problems created by the capitalist mode of production. Even today, this intervention of the state in matters of social welfare is looked upon by most ideologists of the system as a measure of last resort, and any gains the population has made in the area of social welfare are the consequence of long years of struggle by the trade-union movement and other people's organizations.

Under socialism, where industry is publicly owned, the sole criterion for economic investment is social need. The character of a commodity under socialism is fundamentally different from a commodity under capitalism. In both cases it ceases its life as a commodity when it is purchased to be used or to be consumed. But under capitalism the decision to produce a commodity is made because it is a means of making profit, while under socialism the sole reason for producing a commodity is because it is needed by society in general or by individuals in particular. Even when a socialist country produces a commodity for sale abroad, say to a capitalist country, it is still produced because it can be exchanged directly through a barter agreement or indirectly through sale and purchase for commodities of equal value needed by the socialist society.

Although there may be a certain degree of spontaneity in some minor aspects of socialist economic activity, there is no spontaneity in the act of economic investment in production facilities. Social welfare and social need thus become the sole motivation for the apportionment of the economic resources of the country. For this reason the governmental structure is organized around the need to ensure the most efficient use of national resources and assets for

social needs so as to satisfy what is usually referred to as the ever-increasing material and spiritual (that is, cultural) needs of the population. Therefore the governmental systems of socialist countries are best understood after examination of socialist national economic planning and the principal areas embraced by it.

2. *Goals of Socialist Planning*

The basic characteristic of the socialist economy, in fact, the characteristic by which a socialist country can be distinguished from a capitalist country with a well-developed social-welfare system such as Sweden, is the fact that the people who do the work are the owners of the means of production such as factories, tools, raw materials and semimanufactured goods, farms and farm buildings as well as of the products of the production process. In Sweden, on the other hand, 90% of the industrial workers are employed in the private sector.¹ In socialist countries the factories and most distribution and trade outlets belong to the people as a whole, as national property, similar, say, to the national parks in the United States. Smaller-scale manufacturing and trade and service operations are sometimes conducted by cooperatives, in which case the facilities are owned by a collective group of workers, perhaps with the leasing of some national property. (In the literature of the socialist countries, national property is also called state property.)

In studying the socialist countries it is important to distinguish between private property, the ownership of which is restricted, and personal property, the ownership of which is generally not restricted. Private property refers to the means of production and personal property refers to objects of personal use such as a family home and its furnishings, a car, clothing and the like.

In some socialist countries private property in the form of small privately owned enterprises employing hired labor is still permitted. For example, in Poland these enterprises, limited to employing no more than 50 workers, employed 3.9% of the industrial labor force in 1976 and were responsible for 1.5% of the industrial output. In Hungary, the private sector employed 2.7% of the industrial workers in 1975 and provided 0.7% of the gross industrial production. On the other hand, in other socialist countries, for example, the USSR, China, and the German Democratic Republic, privately owned enterprises employing hired labor are not permitted.

Farming is done mostly by cooperative farms (also called collective farms), in which the farm buildings, machinery and crops are the common property of the families that make up the cooperative.

In some countries the land itself is nationalized, though title to the buildings and farm machinery belong to the cooperatives.

Another form of farm property is the state farm. The workers are state employees and all the farm property is national property. The division of land between cooperative and state farms varies widely from country to country. For example, in the USSR cultivated land is divided roughly equally between state farms and collective farms. In the GDR in 1974 the cooperatives embraced 86% of the agricultural land and the state farms only 7%, the remaining 5% being private farms. In the Democratic Republic of Vietnam, the corresponding figures for 1975 were 90% cooperatives, 5% state farms, and 5% private farms.

In China the basic rural unit is the commune, which arose through the incorporation of many cooperatives, along with the (usually) small local industries, into one much bigger administrative-economic unit combining both economic and governmental functions.

In Yugoslavia and Poland, agriculture is still based primarily on the privately owned family farm. The amount of arable land in the average family farm is 10 acres in Yugoslavia and 12 acres in Poland. The cooperative and state farm acreage is beginning to increase in both countries as the governments slowly initiate steps to encourage more socialized forms of ownership on a voluntary basis.

The fact that the dominant characteristic of socialist society is the social ownership of the means of production has important implications, especially since the sector of a socialist economy that is capable of growing at the fastest rate, namely the industrial sector, is, by and large, the property of the people as a whole. This means that the main direction of economic development cannot be left to spontaneous processes, as is the case under capitalism, which, as Marx wrote, is characterized by the anarchy of production, but must be determined by the social goals the society sets for itself. Lenin defined the purpose of socialist production as the planned organization of the social production process "with the object of ensuring full well-being and free, all-round development of all the members of society."² "Socialism," wrote Lenin, "will make possible the wide expansion of social production and distribution on scientific lines and their actual subordination to the aim of easing

the lives of the working people and of improving their welfare as much as possible."³

"Easing the lives of the working people and of improving their welfare as much as possible." These simple words express the guiding principle of socialist planning. How are they to be translated into practice?

Let us first consider some of the specific problems that emerge when one attempts to implement this principle. At this point it would do well to keep in mind that when we are speaking about socialist countries we are referring here to fourteen specific countries, each of which has its own particular history and level of development. Therefore the main tasks faced by each will be different as well as similar. Let us begin with the problem of food.

Soviet economists estimate that according to current standards of nutrition a nation must produce annually an average of one metric ton (or 2200 pounds) of grain per person to be self-sufficient in the basic components of its food supply, that is, to provide grain products for direct human consumption or feed for livestock.⁴ The 1971-74 average grain production for eight Eastern European socialist countries (including the USSR, but excluding Albania — which produces about 0.3 ton of grain per capita) is 73% of the optimum amount, up from 52% only 10 years before. Thus an increase in food consumption is still first on the list of national priorities for these socialist countries.

In Western Europe, average grain production is lower. In fact, the corresponding figure for the industrialized countries of Western Europe is only about 40% of the optimum. However, they make up for the deficit by importing grain from countries with huge grain surpluses, primarily from the United States, Canada, and Australia, and pay for the grain with industrial exports. The United States alone exports about 80 million metric tons of grain annually, or about 800 pounds per person.

Even though some socialist countries, such as the USSR and Poland, also import grain from the capitalist world, they do not import the quantities that they would like to have available. To increase food production the socialist countries must ensure a higher level of mechanization and irrigation and chemicalization of agricultural production, all of which require further industrialization of their economies. If they were to increase food imports, their industrial production would have to be expanded for that purpose, too. The only other alternative would be to become primarily suppliers of raw materials, an option that is not open generally to the European socialist countries except for the USSR. But,

as is well known, countries with raw materials fare better by processing the materials themselves and marketing the finished product.

We thus see that the path to satisfying in full the nutritional needs of the population is the path of industrialization. Here we are not talking about creating a consumer society with whistles in every package of cornflakes, but about meeting the highest standards of nutrition through a well-balanced and varied diet.

A second basic goal is housing. No country in the world yet satisfies this basic need. Most of the socialist countries were formerly underdeveloped, agricultural lands. The peasants, who constituted the overwhelming majority of the population, usually lived in hovels with dirt floors. The only exceptions were Czechoslovakia and the German Democratic Republic. But here, too, the present GDR was the rural part of prewar Germany, while industrial Czechoslovakia had one-third of its population in backward, rural Slovakia. World War II, the Korean War, the Vietnamese War all took additional tolls in terms of the housing of the people. The city of Warsaw, with a population of one million, had 90% of its buildings destroyed in World War II. In the USSR, 25 million people were left homeless as a result of the Nazi invasion. Every city in the Korean PDR was flattened by U.S. bombers during the Korean War. Today, housing construction continues in the socialist countries on a broad scale. A traveler in any socialist country feels as though the entire country is one big construction site. Here again, industrialization is called for to deal with housing construction. At the same time, industrialization leads to the growth of the urban population, which in turn, creates new demands for housing. Hence, industrialized construction techniques are necessary to ensure adequate housing.

Adequate medical care is obviously a great social concern. Here the basic motive force of socialist society — easing the lives of the people and improving their welfare — is most readily seen.

For the 9 socialist countries listed in Table 2-1 the average number of doctors per 10,000 people is 20% higher than in the 10 highly developed capitalist countries listed, the figures for the USSR and the United States being 28.7 and 18.2, respectively. However, even a relatively underdeveloped country can train sufficient numbers of medical personnel if there is a national commitment to do so. But when we look at infant mortality rates we find another story: Although there has been great improvement, we still find an average of 27 infant deaths per 1000 live births (down from 45.5 per 1000 in 1960) in the socialist countries, as

TABLE 2-1
*Health Statistics for Socialist and
 Developed Capitalist Countries*

	<i>Doctors per 10,000 People</i>	<i>Infant Mortality per 1000 Live Births^b</i>	<i>Life Expectancy (1970-74)</i>	
<i>Socialist Countries</i>	<i>(1975)</i>	<i>(1975)</i>	<i>Men</i>	<i>Women</i>
Bulgaria	21.5	23.1	69	74
Cuba	9.0 ^a	27.3	69	72
Czechoslovakia	23.8	20.9	67	74
German Dem. Rep.	18.6	15.7	69	74
Hungary	22.1	33.0	67	73
Poland	17.0	25.1	69	74
Rumania	13.1	34.7	67	71
USSR	28.7	27.9	64	74
Yugoslavia	14.5	36.4	65	70
Average	18.7	27.1	67	73
<i>Average in 1960</i>		45.5		
<i>Developed Capitalist Countries</i>	<i>(1971-74)</i>	<i>(1975)</i>		
Canada	16.3	15.0 ^c	69	76
Denmark	16.0	12.6 ^c	71	76
France	14.6	12.1 ^c	69	76
German Fed. Rep.	18.9	19.7	68	74
Italy	16.9	20.7	69	75
Japan	11.6	10.1	71	76
Netherlands	14.9	10.6	71	77
Sweden	16.2	8.3	72	78
United States	18.2	16.1	68	76
United Kingdom	13.0	16.0	69	75
Average	15.7	14.1	70	76
<i>Average in 1960</i>		26.8		

^aEstimated.^bFor infants under 1 year.^c1974

compared with 14 deaths per 1000 live births in the group of leading capitalist countries. The high quality of medical education in the socialist countries has been generally recognized. Admission to medical school is highly competitive. Training is lengthy and intensive (in the USSR, six years plus internship). Nevertheless, the free medical care and large numbers of well-trained doctors cannot entirely offset the advantage that the developed capitalist countries have in the industrial capacity to produce sophisticated medical equipment for hospitals and clinics and chemicals for their pharmaceutical industries, in their well-developed network of transportation and communications, in their longer tradition of literacy and public hygiene associated with the process of industrialization.

Thus we see that the needs of the people for health protection require that a priority be given to industrialization. And here, too, the purpose of industrialization is not to produce vast quantities of goods, but to satisfy genuine needs.

The reader should be careful not to confuse the infant mortality rate with the death rate for the population of all ages. (The USSR, for example, has one of the lowest death rates in the world.) It is not easy to draw general conclusions from the death rate, since it is sensitive to the age distribution of the population, which, in turn, is strongly affected by deaths in past wars. A more useful, but also imperfect, statistic is the life expectancy at birth, a statistic which folds in the infant mortality rate with the death rates for people of different ages. (It does not really represent the life expectancy of a newly born child, since it depends on the present state of health of people of different ages.) The life expectancies for the same group of socialist and developed capitalist countries are also shown in Table 2-1. The socialist countries have reduced the big gap that existed in the past. In 1950 the socialist countries had life expectancies lower than those in capitalist countries — six years less for men and five years less for women. Now it is only three years less for both men and women.

The concern for life in the socialist countries is illustrated by the much-praised USSR emergency medical assistance program. In an article in the U.S. medical journal *Prism* (December, 1975), Dr. William A. Knaus, who served as a staff physician with a U.S. Information Agency exhibit that toured the USSR, described it as follows:

By dialing 0-3 from any city in the USSR, a citizen can obtain emergency medical assistance.

To ensure easy availability, all payphones in the Soviet Union are equipped with a special button that enables the caller to reach 0-3 without depositing a coin, and when the ambulance arrives, a doctor and a *feldsher* [a highly trained paramedic — E.M.], both especially trained in emergency medicine, accompany it.

Ambulance services in the United States do not, in general, employ doctors. According to Dr. Knaus, the Soviet medical emergency service is one of the most highly organized medical systems in USSR medicine.

We have considered here the three most crucial areas that govern human existence — food, housing, and health — and have seen that a certain level of industrialization is needed to meet current human requirements in these areas. There are, of course, other problems which the socialist countries have to solve, and again many of these problems call for industrialization for their solution. For example, the simple reproduction of our lives from day to day requires a minimum amount of time and physical effort in and out of the home. Although part of the solution to the problem of reducing this time and effort lies in the social reorganization of the tasks and in education, other aspects of the problem require raising the level of the technology of the labor process, such as through the use of machines, mechanical aids (tractors, cranes, washing machines) instead of human muscle. Dawn-to-dusk labor, six to seven days a week, with hardly any time or facilities for rest or recreation, was the rule for a good part of the population of the countries that have turned to socialism, a condition which could be changed only in a small way through reorganization or equitable redistribution of the work. Major increases in productivity result not so much from a new division of labor as from the application of new technological means with which a new division of labor is associated.

So far, we have dealt with what are perhaps the most urgent needs of society. Let us consider another level of social need. Capitalism, feudalism, and other previous exploitative societies leave great social inequities in their wake: racism, oppression, and decimation of entire nations and nationalities, abject poverty, conditions of production which constitute dangers to the health of the workers and the inhabitants of the surrounding areas, and above all, mass unemployment.

Social ownership of the sources of wealth makes it possible to put the full resources of a country at work to deal with these

problems. Moreover, the advance of technology has made it possible for people, through their labor, to produce more than is necessary for their immediate survival (and, indeed, this provided the basis for exploitation of man by man). Therefore, under the conditions of socialism, it is in the interest of the entire society to involve the population on the broadest possible basis in the process of improving their lives. Discrimination and divisions based on race, sex, nationality, religion, and the like impede the process of developing a nationwide unity of purpose so as to utilize to the maximum extent the untapped potential of the society. For this reason, among the first measures introduced in every socialist country we find legislation against incitement of racial and national hatred, against all kinds of discrimination in employment, housing, and education, and the establishment of the principle of equal pay for equal work.

At the same time, the national plans give special priority to the economic and educational-cultural development of the previously oppressed and depressed sections of the population, the creation of safe conditions of work, and protection of the environment. The right to have a job, rather than the right to look for work (and not find it), is counted as one of the most fundamental of human rights. Socialist planning makes it possible to transform this right into reality by ensuring the means to provide gainful employment for every member of society who desires it.

Soviet Uzbekistan, in the Central Asian part of the USSR bordering on Afghanistan, provides an interesting illustration of how socialism deals with the consequences of national and racial oppression. Uzbeks are an Asiatic people whose culture flourished in the fourteenth and fifteenth centuries. Here the famous fifteenth century astronomer, Ulug Beg, constructed an observatory containing a sextant (device for measuring the position of heavenly bodies) five stories high. The cities of Bukhara and Samarkand were centers of Moslem education and scholarship. As a consequence of hundreds of years of invasion and oppression its culture declined so that by 1913 it was a center of illiteracy and poverty, not unlike its neighbor Afghanistan. Its women were among the most oppressed in the world. Even their eyes were hidden behind veils. In 1913 there were 0.32 doctors per 10,000 people (as compared with the sixfold higher, but still low, figure of 1.8 per 10,000 for all of Russia), the literacy rate was 2% and there were no universities at all. In 1975 its 13.7 million inhabitants were served by 32,000 doctors, or 23 per 10,000, as compared to the U.S. average of 18. The number of college students in Uzbekistan is 175 per 10,000 people, as compared to the overall USSR average of 190.

Today, almost half of all elected government officials in Uzbekistan are women. Although inequities still exist, the gaps have certainly narrowed.

Even in industrial Czechoslovakia, the process of elimination of inequalities continues. As was already mentioned, Slovakia was the more backward part of Czechoslovakia. Today the per capita income of Slovakia is about equal to that in the Czech part.

There is still another level of social inequity that will be eliminated as socialism develops toward the higher stage of communism: the differences between rural and urban life and the difference between mental and physical labor. The development of agro-industrial complexes is already under way in many socialist countries and is stimulating the rapid development of cultural facilities in what used to be purely rural, culturally backward areas. We are still, however, a long way from the complete mechanization and automation of repetitive, mindless, physically arduous, noncreative production tasks. The aim is to replace the human body by machines for such tasks, so the division of labor into "mental" and "physical" is eliminated, and all work becomes creative, equally accessible to all people.

3. Socialist Property and the Improvement of Life

Under capitalism, the investor sees the economic process as follows: Exchange capital for machines, materials, labor; transform these into commodities; exchange commodities for money. If the money thus obtained constitutes a greater sum than the originally invested capital, then the investment cycle was successful, and the process can be continued on an expanded scale as long as there is no economic crisis, that is, as long as there are no obstacles occurring at the stage at which the commodities are exchanged for money.

The amount received for labor represents the basis of the standard of living of the working class. To increase profit, the capitalist investor tries to keep this low, as low as possible. To improve (or even maintain current) living standards, the workers organize themselves into trade unions to protect themselves against this conflicting interest of the capitalist. The standard of living of the workers is thus determined on the battleground of what has come to be known as the class struggle. If the workers succeed in

improving their living conditions, it comes as a result of this struggle, at most as a by-product of the capitalist mode of production, but by no means as a goal of the process of capitalist investment.

What about the political systems associated with the capitalist mode of production? Do they provide a built-in means of raising the living standards of the people?

As long as the basic economic system retains its capitalist character, the economic stability of the country, insofar as it can be stable, depends primarily on the ability of capitalist investments to make a profit. Even if the political leaders are not directly connected with the ownership of capital, they are committed to serve the interest of capitalist profit as long as they are not committed to abolishing the capitalist system itself.

In the United States, in particular, many political leaders have a direct personal financial interest in the corporate sector. Even if they do not, they find themselves politically and economically dependent on those who do. In any case, they face relentless pressure from the corporate sector not to follow any policies which would lower the rate at which corporate profits or assets accumulate, that is, not to follow policies which would strengthen the hand of the trade unions, raise wages, increase the expenditure on social welfare, or encourage the employees of corporations to feel that they should have a major proprietary interest, direct or indirect, in the profits or investment policies of the corporation. Moreover, the private corporate sector will use every means possible (and some that most people thought impossible, as the recent revelations of corporate corruption in the United States indicate) to maximize their profit at the expense of the working people of the United States and other countries.

Thus every effort is made by the political leaders to minimize the expectations of the people. Austerity and belt-tightening are common expressions found in the speeches of bourgeois politicians. The reason for this is simple. A lesson learned from history is that it is not harsh and oppressive conditions alone that give rise to social protest, but differences between the actual conditions of life and those which the people think are possible. Hence political stability is best obtained when there is a correspondence between what is generally regarded as possible and the actual conditions that exist.

Under the socialist mode of production the situation is fundamentally different. The political and economic leaders of the country have no personal financial holding of any economic significance, nor are their positions of leadership dependent on close

personal or political ties with others having such holdings. The only pressures faced by the political leaders of the socialist countries are those that stem in one way or another from the desire of the people for the most rapid improvement of their living conditions and the safeguarding of the social ownership of wealth and resources of their countries. The major decision to be made then becomes the determination of the portion of the national income to be consumed for the immediate satisfaction of their needs — this is known as the *consumption fund* — and the portion that is to be re-invested in the national economy for future improvement — this is known as the *accumulation fund*.

At a given historical stage in a country's economic development, this question, theoretically, at least, has a unique answer if it is reformulated in the following way: What fraction of the national income should be assigned to the accumulation fund so as to provide the highest possible steady rise in the standard of living of the population (that is, to obtain on the long term the highest possible growth rate in the real income per capita). If the accumulation fraction is set too high, then the current consumption will rise too slowly, since too much is put back into the economy. If the accumulation fraction is set too low, then the future consumption will not be as high as it could have been.

From the data released by nine socialist countries, it appears that the average accumulation fund was 31% of the national incomes in the mid-1970s.

The problem of maximizing the real-income growth rate is much easier to formulate than to solve, for it can be solved only if a proper assessment can be made of all the subjective and objective factors that influence labor productivity, now and in the future, as well as the interaction of a country's economy with the economies of other countries. The past history of a country, its national traditions, previous disproportions in economic development, errors in planning, level of military spending, and the like all have a bearing on the decision that will be made at any given time.

Nevertheless, the principal task is still to plan the rise in the real income of the population. The fact that it can be done, and is done, is the real reason for the rarity of strikes in socialist countries. Under capitalist conditions of production the corporations strive to maximize profit. We have already seen that the rise or fall in the workers' living standards is left to the domain of class struggle. Strikes, or the threat of them, are the basic weapons of the workers in this struggle. No capitalist regime, no matter how repressive, has been able to prevent the repeated occurrence of

TABLE 2-2
Increases in Real Incomes and Real Wages

<i>Country</i>	<i>Increase in Real Income per Capita^a</i>			
	<i>1971-75 Actual %</i>	<i>Average Annual %</i>	<i>Planned 1976-80 %</i>	<i>Average Annual %</i>
Albania	15	2.7	11-14	2.4
Bulgaria	32	5.7	25-30	5.0
Czechoslovakia	23	4.2	23-25	4.4
German Democratic Republic	26	4.8	20-22	3.9
Hungary	25	4.6	23-25	4.4
Korean PDR	73 ^b	11.6	...	...
Mongolia	17	3.2	16-18	3.2
Poland	40 ^c	7.0 ^c	...	...
Rumania	29	5.2	25-27	4.7
USSR	24	4.4	20-22	3.9
<i>Average</i>		5.3		4.0

^aReal income is calculated by combining incomes per capita from any source and the social consumption fund per capita (excluding cash payments). Social consumption funds are public funds used for education, health care, social security and social services, maternity benefits, housing subsidies, culture, municipal services, public transportation, etc.

^bEstimated.

^cReal wages.

strikes or other forms of labor protest. In a socialist country, when a strike or worker protest does occur, it is usually due to a misunderstanding, which is rapidly cleared up, or else it is a sign that something very fundamental has gone wrong and urgently needs correction.

TABLE 2-2 (continued)
Increases in Real Incomes and Real Wages

<i>Country</i>	<i>Increase in Real Wages</i>	
	<i>Planned 1976-80 %</i>	<i>Average Annual %</i>
Albania	...	...
Bulgaria	16.4	3.1
Czechoslovakia	17.4	2.5
German Democratic Republic	...	...
Hungary	18-20	3.5
Korean PDR	...	...
Mongolia	...	...
Poland	16-18	3.2
Rumania	18-20	3.5
USSR	16.4	3.1
<i>Average</i>		3.2

Table 2-2 shows the rise in real incomes and wages in those socialist countries for which such data are currently available. Real wages are the average wages earned by employees while real income per capita represents the average personal income received from any source by people living in the given country plus the per person share of national and regional expenditures from public funds on education, housing, social services and health care, transportation, culture, etc. (social consumption funds). The fraction of real income from social consumption funds will vary from country to country. In the Soviet Union it is currently running at about 35% of the average wage. The use of the adjective "real" implies adjustment for any increase in the cost of living. It is seen from Table 2-2 that the real incomes are rising during the 1970s at 3% to 6% per year, while real wages will be rising at about 3.2% per year between 1976 and 1980.

Table 2-2 includes data, in places incomplete, from 10 socialist countries. What about the other four?

From the victory of the Chinese Revolution in 1949 to the late 1950s China made tremendous progress. It eliminated the floods and famines which used to kill millions of people every few years. The cities were cleaned up; drugs, prostitution, and organized crime vanished. Industrialization proceeded at a rapid pace. Agriculture was collectivized. Close relationships were established with the other socialist countries. Since that time, however, China has been going through sharp internal struggles. The leading group, headed by Mao Tse-tung, placed the question of economic development second to the question of changing social attitudes, so as to move more quickly to the goal of creating a communist society. At the same time they urged the other socialist countries to pursue a foreign policy based on militant confrontation with the imperialist powers. There was fierce opposition to both policies within China. In the process of political struggle against those who supported a direction of economic development similar to that of the other socialist countries — centrally planned economies and primary stress on industrialization and rising living standards — the group led by Mao ruptured the close economic and political ties of China with most of the other socialist countries. Chauvinistic attacks against the USSR and other socialist countries took the place of calls for unity of the socialist countries which had characterized Foreign Minister Chou En-lai's speeches as late as 1957.

All socialist countries at one time or another experimented with the skipping of historical stages in social development. At the First Congress of the Communist Party of Cuba in 1976, Fidel Castro discussed the mistakes that Cuba made in this direction:

Revolutions usually have their utopian periods, in which their protagonists, dedicated to the noble task of turning their dreams into reality and putting their ideals into practice, assume that the historical goals are much nearer, and that men's will, desires and intentions, towering over the objective facts, can accomplish anything. It is not that revolutionaries should have neither dreams nor indomitable will. Without a bit of dream and utopia there would have been no revolutionaries But the revolutionary also has to be a realist, to act in keeping with historical and social laws, and to draw on the inex-

haustible wellspring of political science and universal experience for knowledge which is indispensable in guiding revolutionary processes

Now and again, the utopian attitude likewise goes hand in hand with a certain contempt for the experience of other processes.

The germ of chauvinism and of the petty-bourgeois spirit infecting those of us who entered upon the ways of revolution by merely intellectual means tends to develop, sometimes unconsciously, some attitudes that may be regarded as self-conceit and excessive self-esteem.

The Cuban Revolution has certainly made some important contributions to the world revolutionary movement From the outset, however, the Cuban Revolution failed to take advantage of the rich experience of other peoples who had undertaken the construction of socialism long before we had.⁵

Castro then discussed a number of specific instances where economic accounting methods were abandoned. Then he went on to discuss similar errors with wage payments.

In 1968, the connection between salaries and output was severed. Work-hour schedules on the basis of consciousness and renunciation of pay for extra hours worked were stimulated

Failure to take account of remuneration according to work markedly increased the excess currency in circulation against a background of shortages in goods and services, which created favorable conditions for and stimulated absenteeism and lack of labor discipline. Together with the need to eliminate unemployment, to attend to the country's most urgent social and human needs, and to carry on development in the conditions of a blockaded nation, this made it absolutely impossible to avoid having excess of currency in circulation in that period of the Revolution.

When it might have seemed as though we were drawing nearer to communist forms of production and distribution, we were actually pulling away from the correct methods of first building socialism.

Cuba has since taken corrective measures and has now joined seven European socialist countries — the USSR, Poland, Czechoslovakia, Rumania, Bulgaria, Hungary, and the GDR — and Mongolia in the Council for Mutual Economic Assistance (CMEA or Comecon). The CMEA countries coordinate their five-year plans for economic development so as to prepare the basis for the gradual integration of their economies. A number of joint industrial projects are already under way and an extensive division of labor based on specialization in production has been put into effect. Yugoslavia takes part in the CMEA Council sessions under special observer status. Angola, Vietnam, Korean PDR, and Laos are attending CMEA sessions as observers.

Another hardship faced by Cuba was the economic blockade imposed by the United States. This blockade prevented Cuba's neighbors from engaging in normal trade relations with it. It was only recently that the blockade was effectively broken. Despite these obstacles, Cuba managed to raise real wages 21% during the years 1971-75, or an average of 3.9% a year.

China, on the other hand, has not shown much improvement in its standard of living since the 1950s. Estimates seem to run from 0 to 1.5% per year from the time of the so-called Great Leap Forward of the mid-fifties. Events since the death of Mao seem to indicate that a more sober economic policy is now being pursued and that there will be a greater concentration on raising living standards.

Vietnam, of course, was unable to develop its economy in a balanced way under the wartime conditions that existed until 1975.

Yugoslavia was not included in the table because of the special difficulties in comparing it with other socialist countries. Yugoslavia has a much looser system of central planning. Its enterprises function more like cooperatives in a market economy, although investment policies of the individual enterprises are subject to a certain measure of public control on the municipal or local level. The Yugoslav economy is more dependent on the conditions in the capitalist countries than are other socialist economies, so that economic difficulties in Western Europe find their echo in Yugoslavia.

Although real wages have risen at an annual rate of 4.7% between 1963 and 1975, 13% of the Yugoslav labor force has emigrated to Western Europe in search of jobs, while 10% of the remaining labor force was unemployed in 1976. There are some indications that a movement to a more centralized economic system is likely. During the past few years, Yugoslavia has been slowly drawing nearer to the other socialist countries and expanding its economic relations with them.

Some comment should be made on Albania. Since the 1960s, Albania has allied itself politically with China and has pursued many of the policies of voluntarism that were being followed in China and, to a lesser extent, in Cuba, that is, attempts to pit revolutionary enthusiasm against objective economic laws of development, instead of seeking to bring the one into correspondence with the other. As a result, Albania has had a relatively low rate of growth in real income per capita, an average of 2.2% per year during the period 1961-75. In 1976 Albania broke off its close relationship with China after disagreements over China's foreign policy.

It is interesting to compare the changes in the per capita real income of the socialist countries with the real wages of the developed capitalist countries. We should take the real income of the socialist countries, since there the real income includes the social consumption fund, which covers most of the costs of housing, public transportation, medical care, vacations, entertainment and other cultural activities, maternity leaves, etc.

For the period 1961-75 the average annual increase in real wages in eight developed capitalist countries — Belgium, France, Japan, Canada, the German Federal Republic, the United States, Great Britain, and Italy — was 4.5% (in the United States it was only 1.2%), which is comparable to the rise in real incomes in the socialist countries in the 1970s.

Can one therefore conclude that the socialist planned economy does not produce results that are essentially different from those obtained by the unplanned capitalist economies? To answer this question, a number of important factors have to be taken into account.

First, in terms of economic development, the nations making up the world socialist system lagged considerably behind the leading capitalist countries when they became socialist. Since the end of World War II, the main direction of the foreign policies of the developed capitalist countries has been directed to obstructing the economic and political consolidation of the socialist system. This

strategy included trade embargoes and other restrictions on commerce, encirclement of the socialist countries by a network of military alliances and bases, and direct military confrontation, including local wars. The superior economic might of the developed capitalist countries was the chief means of implementing what was sometimes dubbed the policy of "liberation of the enslaved peoples." The leading capitalist countries were at the same time the imperialist powers of the world, which in no small way contributed to their economic development to a position of superiority. This economic might made it possible to force the nominally independent, but economically dependent, underdeveloped countries to cooperate militarily and politically with the effort to weaken the socialist system. This situation was reflected in the 1950s, for example, in the United Nations, where the socialist countries were almost completely isolated on most major issues.

It thus became necessary to give great weight in the national planning policies to the most rapid build-up of the economic and military strength of the socialist system as a whole, so that the task of economic planning was not simply to maximize the rise in the living standards, but to do so in the face of a concerted effort by the imperialist powers to destroy the socialist system, that is, to maximize living standards in the midst of what can be called the international class struggle. This led the socialist countries to give highest priority to the expansion of their industrial production. Not only would such development make their economies less vulnerable to economic and military pressures from the developed capitalist countries, but it would also make it possible to build strong economic and political ties with their natural allies, the developing countries, who, through such an alliance, would be in a stronger position to free themselves from the economic, military, and political stranglehold of the imperialist powers.

Consequently, industrial production in the socialist countries during the period 1951-74 grew at twice the rate of the developed capitalist countries, despite the fact that this period was characterized, as far as the world capitalist system is concerned, by the relative absence of severe business crises (a major one did begin, however, in 1973 and continues at this writing). In fact, the share of the socialist countries in the industrial production of the world has increased from less than 10% in 1937, and roughly 20% in 1950, to over 40% today.

That the key factor in the high growth rate attained by the socialist countries is national economic planning and not their relative underdevelopment can be seen in Table 2-3, where the industrial

growth rates are shown for the socialist, developed capitalist, and nonsocialist underdeveloped countries. If the degree of underdevelopment were the principal factor, then the Third World countries, which lagged behind the socialist countries in their underdevelopment, would be expected to show a still higher growth rate than the socialist countries, which, however, was not the case.

TABLE 2-3
*Comparison of Average Annual
Industrial Growth Rates (1951-74)*

Socialist countries	10.1% (USSR 9.7%)
Developing countries (Third World)	7.7%
Developed capitalist countries	5.2% (U.S. 4.4%)

A second important factor that has to be taken into account in a comparison of socialist countries with developed capitalist countries is the fact that part of the high standard of living of the developed capitalist countries stems directly from the imperialist exploitation of the peoples of the colonial and neocolonial empires. Even in a number of underdeveloped countries which are on the path to freeing themselves from such exploitation, the imperialist powers still retain their grip on important sectors of the national economies. As a result, the corporations based in the developed capitalist countries are able to meet demands of their own workers for improvements in their living conditions by drawing upon their investments in the underdeveloped countries, where the return on invested capital is much higher owing to the far lower wage rates and prices paid to the workers and peasants of the Third World countries. If one argues that workers of the United States or of Western Europe are better paid because they are more highly skilled, then one has merely to look at the pittance paid to the unskilled workers by the same corporations in the exploited country and compare them with the wages paid to unskilled workers in the home country. In South Africa the contrast is most clear. In this favorite resting place for foreign capital the wages of Black workers are maintained by law at about one-tenth those of white workers.

The role of the exploitation of the labor of peoples of the Third World in determining the living standards in the capitalist countries was made quite visible in the 1970s when many Third World countries accelerated the process of nationalization of their national resources and otherwise demanded more equitable payment for their commodities. These actions contributed to the onset of the economic crisis in the world capitalist economy in 1973, during which time the workers in many developed countries faced decreases in their real wages, even if they managed to hold on to their jobs.

Socialist countries, on the other hand, have no investments in other countries. They base their foreign economic relations on trade and aid. Even their foreign-aid programs have a fundamentally different character from those of the developed capitalist countries. Most of the nonmilitary foreign aid supplied by the socialist countries goes to develop the manufacturing industries, and not, as in the case of the aid from capitalist countries, the extractive industries. Moreover, in the second half of the 1960s the multinational corporations took out of the developing countries profits which were 50% higher than the total "aid" given the latter by the leading capitalist countries to which these corporations belong.⁶ In 1975, the Algerian Minister of Foreign Trade, Layachi Yaker, made a sharp contrast between the economic relationships of the developing countries with the socialist and capitalist countries when an attempt was made to lump both together as the "rich North" exploiting the "poor South." Said Yaker:

Indeed, the highly advantageous opportunities for cooperation offered to Third World countries by socialist countries entitle us to exclude them from the bloc of exploiters and to exempt them from responsibility for an act to which they have not contributed. To include them in the North bloc, seen as a region to which the resources of developing countries flow, is to play the game of imperialism and disregard an objective reality, namely the superiority of the socialist system.⁷

The fundamentally different character of the relationship between the socialist countries and the Third World countries has led to the partial breakup of the military alliances directed at the socialist

countries and the political isolation of the imperialist powers (including the United States) in the United Nations.

Finally, a third important factor in comparing the rise in living standards under conditions of capitalism and socialism is connected with the fact that even equal growth rates of real incomes should not cover some fundamental differences between the two systems. We have already discussed the price paid by the colonial peoples for financing the development of the capitalist powers. But let us now consider the conditions under which workers in the developed capitalist countries obtain their wage increases.

The main means by which these increases are obtained are the means of militant trade-union struggles. In the United States, where antilabor legislation and anti-Communist hysteria have succeeded in damping the historic militancy of the trade-union movement, real wages have now fallen back to the level of about ten years ago. Important segments of the working population still live under poverty conditions even when employed. The more developed countries of Western Europe have imported millions of so-called "guest workers" or what are more properly called migrant workers, who, as foreign laborers, have not yet been able to gain the rights to engage in effective political-economic struggles to improve their conditions of labor. The poverty of the migrant farmworkers in the United States has almost no equal in any developed capitalist country. In 1975, the U.S. government estimated that 12% of all families (and 31% of all Black families) had incomes below the poverty level, which was then set at about \$5500 for a family of four. Many would argue that a more realistic poverty level would raise the number to 20%.

Socialist countries usually develop at a fairly even pace, although there are some exceptions; but capitalist countries go through booms and crises, periods of low and high unemployment, and leave a trail of broken, frustrated lives, deprivation, pockets of prosperity, but still greater pockets of poverty. If there are exceptions, they are exceptions of degree. In the mid-1970s, the developed capitalist countries were in a serious economic crisis with high unemployment and inflation. No systematic method of analysis could predict with certainty whether conditions would get better or worse. In the United States, the rise in real wages between 1960 and 1974 averaged only 1.2% annually. In September, 1976, the corporations were reporting excellent profits, yet unemployment was officially at 8%. Government economists meanwhile predict unemployment will stay high throughout the decade. Should not the unemployed and those who long since have given up

hope of finding decent jobs also be included in the income statistics? What numerical quantity does one assign to the fear of losing one's job or being forced to pull up roots and move to another job? The self-correcting mechanism of capitalism is a brutal one: depression, unemployment, bankruptcy of business and farm — these are the main means by which the system shakes out its weaker parts.

How does one include in a calculation of living standards the confidence with which the people of the socialist countries face the future? Or the fact that there is not a city in the socialist world in which one need be afraid to walk at any time of day or night in any neighborhood, be it Warsaw, Prague, Shanghai, Havana, Pyongyang, or ancient Bukhara in Central Asia?

Another important question that we have yet to consider is the consequence of the long-term differences between the socialist and capitalist countries in the growth rates of industrial and agricultural production. These differences will be the decisive factor quantitatively and qualitatively in the competition between the two systems. We will consider many aspects of this question in the subsequent chapters. It is, however, appropriate to discuss now the question of socialism and democracy.

4. *Socialism and Democracy*

The concept of democracy has undergone a long evolution. Basically, however, it still centers about its original meaning as the rule of the people. The concept of freedom has historically been associated with that of democracy and an understanding of the one must be associated with an understanding of the other. In the literature of the socialist countries, as in Marxist writings in general, one often encounters the terms *democracy* and *freedom*. Superficially, it might seem that the words have different meanings to Marxists than they do to the majority of the people, say, in the United States. However, a Marxist would argue that the meaning is really the same to most people the world over, but is in conflict with the meaning as understood by those whose interests are bound up with maintaining exploitative class relations of production. Let us consider the expression *free world* as encountered in our daily press. Certainly there is no way of considering South Africa with its

white-racist regime as a free country, but it is embraced by the term *free world*. The same can be said of Chile under the junta headed by General Pinochet, or South Korea under General Park. It should be clear that in this sense, the word *free* in *free world* has a class character, namely, free to engage in capitalist investment, or more generally, free to engage in the exploitation of labor in one form or another.

There were historical stages in the development of society when, indeed, the consolidation of one system of production lay in the interests of the large mass of people, such as in the period of the U.S. Revolutionary War. And it cannot be forgotten that the adoption of the U.S. Constitution did not free a single slave or give the right to vote to the majority of even the male nonslave population. Nevertheless, in the United States, the Revolutionary War is still regarded as a war to establish a democratic government necessary for a free people. Marxists today, too, would argue that under the conditions of the times, the government established then was essentially democratic and the Revolution was a successful struggle for the freedom of the people, although the government then did not meet the criteria which satisfy even bourgeois-democratic concepts today.

Thus the meaning of the terms *democracy* and *freedom* cannot be examined independently of the social context in which they are used, and their meanings depend on the social or class position of the person or groups of persons using them. The continual changes in what people regard as most significant to freedom and democracy reflect the continually changing social conditions in which people live.

Nevertheless, a constant thread of meaning can run through the use of the words, despite changes that take place during a given historical epoch. And, as we have seen, the social position and the social condition of the population will determine how this thread of meaning is transformed into concrete demands for freedom and democracy as expressions of the concrete needs of the people. In this way, freedom and democracy become expressions whose meanings have to be shaped by the conscious recognition of these specific needs by a large mass of people and become connected to the forms of struggle which are necessary for the satisfaction of these needs. Freedom as a social concept cannot properly be viewed as simply freedom from any kind of constraint (e.g., freedom to harm another person) or freedom for random behavior (e.g., freedom to make faces at one's self in a mirror). The concept of freedom as the ability to acquire knowledge of one's needs and

the ability to act to satisfy these needs on the basis of such knowledge constitutes this thread of meaning of freedom common to the various social conditions to which it is applied. Insofar as the needs are restricted to an individual and must be acted upon individually, the freedom in question is individual freedom. Insofar as the needs are common to a large part of society and must be acted upon together by members of society in cooperation with one another, then the freedom is social freedom or the freedom of society. Democracy, then, refers to the form of social organization which provides access to knowledge of social needs (e.g., the right to education, freedom of the press and discussion) and provides the organizational and technological means of acting to satisfy these needs. Thus, limiting the concept of political democracy to the right of the people to elect a president who says he will keep us out of a war without the people having the power to stop him from involving the country in that war surely leaves something lacking. In the same sense, a society in which one has to work as a condition for the maintenance of life cannot be considered a democratic society if one simply has the right to look for work (recognition of needs), but not the right to find work (that is, to act to satisfy those needs). The right to hire labor power and then appropriate whatever is produced by it is indeed a vital freedom for capitalists as a class, for without it they cannot exist, but the right to retain the products of one's labor is a vital freedom for the workers as a class, a freedom which comes into direct conflict with the capitalist or bourgeois concept of freedom. The right to a social revolution by the large mass of exploited people is a democratic right, for it is in the interest of the people. The right to reimpose capitalist relations of production (counterrevolution) is an antidemocratic right, coming in direct conflict with the interests of the people, who will understandably oppose it with full force, just as former slaves will fight any attempt to reimpose a slave system.

An understanding of this Marxist concept of freedom and democracy will make it possible to understand why the socialist countries consider the particular political, economic and social institutions that they have established to be more democratic than the institutions under capitalism and why they consider their societies to be far freer than any capitalist one.

Socialist countries would recognize that freedom to criticize the way various social transformations are being carried out is an important part of safeguarding socialist freedom and democracy and that such freedom is meaningless if it is not coupled with providing the means of making such criticism and forcing changes

when the criticism is valid. Indeed, we will become acquainted in what follows with the various means that are provided. Nevertheless, problems do arise when a specific means, say the press, which is vitally needed for social criticism, is also seen by the former ruling classes as a means, not of criticism, but of counterrevolution.

In his book, *Socialist Democracy*, Shakhnazarov presents an interesting discussion on precisely this point.

A situation of grim class struggle inevitably leaves its mark on all aspects of the political organization of society. Thus the need to deprive the exploiters of such a powerful weapon as freedom of the press, which could be very dangerous in the wrong hands, necessitated the introduction of strict censorship. Yet this also tended to restrict a healthy criticism of shortcomings and defects. At first, the negative effects of this absolutely essential measure were slight, primarily due to Lenin's merciless criticism of even the smallest manifestations of bureaucracy, which gave a militant critical tone to the press as a whole. In the thirties, however, the negative influence of these measures made itself increasingly felt and the detrimental effect on Soviet society was considerable

Naturally, objective conditions are not everything here. A great deal depends on subjective factors, on the ability to correctly evaluate the situation and find the most appropriate solution in the prevailing circumstances To fail to take the measures necessary to defend the new order could prove fatal, while to go too far and permit excessive restrictions on democracy unwarranted by the circumstances is to greatly complicate leadership of the masses and make the path to socialism far more difficult.

That is why whatever the original state of socialist democracy and whatever the restrictions dictated at the initial stage of its establishment, its constant deepening and improvement is an objective trend

Indeed it is in the opposite tendencies of change in the social base of the state that the

fundamental difference between socialism and capitalism is most patently manifested.

Having acquired the widest possible social base through bourgeois revolution, the capitalist state later loses it bit by bit This is especially felt today, when a small group of monopolies and adjunctive strata of the big bourgeoisie concentrate in their hands all the power, stand in opposition to the vast majority of society and make state policy serve their own selfish interests.

The development of the socialist state presents quite a different picture. Its base is constantly expanding The basic trend in the development of the social base of the proletarian state is its expansion up to the point where it merges with the whole of society. The proletariat organized in a state and the people organized in a state are two stages in a regular progress through the socialist state system to communist public self-administration

The regular development of the content of the socialist state is attended by the development of its form, the development of democratic institutions

In society no phenomena exist in their "pure" form. If socialism were being raised on one of the islands of the wondrous continent of Utopia everything might be built strictly according to the prescriptions of a preconceived pattern. But it is growing out of the old society and in a far from idyllic situation. No sooner was it born than it had to break free of the vicious stranglehold of intervention, blockade, hunger and war. Moreover, it did not have the good fortune to be born into a "good family," and grew up without chambermaids and governesses: it had to simultaneously build its own new house for itself, work until it was ready to drop and tackle the heights of science self-taught. Most important, if it was to grow up at all, it had to overcome the onerous legacy from the past — social inequality, national enmity,

greed, avarice, ambition, thirst for power and a host of other imperfections cultivated by centuries of social injustice. It is surely hardly surprising then that the new system did not immediately correspond to the professed social ideal.

Thus in analysing socialist reality in general and socialist democracy in particular the most important thing is to distinguish clearly between what is inherent in the nature of the new order and what is the product of circumstances and hampers its growth, but is ultimately transient and superable. Such an approach is essential if we are to recognize properly particular problems that socialism faces and confidently forecast its prospects.⁸

It must be kept in mind that the socialist system creates the possibility of solving social problems and setting social goals, but it does not do so automatically. Problems must be attacked consciously and the approach used must be appropriate to the actual conditions. Errors in judgement of an individual or collective nature can occur. Important factors can be overlooked, which leads to temporary setbacks and deepening of the problems or even the creation of new ones. For example, in the early 1950s, when Poland was first becoming familiar with the laws of socialist political economy, there were problems in dealing with inflation. To keep a basic staple like bread readily available, the government heavily subsidized its price. But one day, there was no bread to be found anywhere in the capital city of Warsaw. It turned out that the price of bread fell enough below the price of hay that the peasants began to feed loaves of ready-baked bread to their horses. Only an increase in the price of bread could cope with that particular situation.

Problems of another nature can also arise. Arbitrariness in Party and government life, and other violations of democratic procedures, blind hero worship and other manifestations of lack of confidence in the political maturity of the working people can lead to distortions in the direction of development, confidence gaps between the national leadership and the general population, and at times even result in periods of national tension.

With greater or lesser severity, every socialist country has experienced some of these difficulties. Yugoslavia's excessive reli-

ance on decentralized economic administration has led to high unemployment, which has forced a substantial portion of its labor force into emigration. Violations of the principles of socialist legality under Stalin and the hero-worship cult that developed around him no doubt impeded the progress of socialist construction in the USSR and adversely affected developments in other socialist countries. A similar cult around Mao gave rise to erratic progress in the Chinese economy as well as political instability. Examples from Poland, Hungary, the GDR, Czechoslovakia, and others can also be cited. Despite all the shortcomings, however, the world socialist system has shown such tremendous internal strength that every attempt by the capitalist powers to turn one country or another away from its socialist course has failed.

It is clear that there is an important self-correcting mechanism that must be at work. This mechanism is the very thing that gives socialism its fundamentally democratic character, regardless of any mistakes and abuses that may arise. This democratic essence is the social ownership of the *means of production* and the *product of production*. The people know that the wealth of the nation belongs to them and they are vigilant in protecting this wealth from significant private appropriation.

The people of the socialist countries are continually reminded of the fact that the national wealth is publicly or socially owned, that they are the rightful owners of the fruits of their labor. Speeches and statements by Party and government leaders and by leaders of the trade unions and other public organizations continually stress not only the fact of public ownership, but also the consequences of this public ownership: The people are encouraged to expect improvements in the material and cultural conditions of their lives. They are encouraged to expect to take part in the management of this public wealth and urged to do so. Warnings against bureaucratic stifling of public initiative are constantly repeated. The primary focus of attention is on the conditions under which working people spend the greatest part of their day. These conditions embrace both the physical organization of the workplace and its social organization.

The basic Party organization is the one organized at places of work, although community organizations also exist. At the same time special attention is paid to ensure that the Party organizations do not block initiatives from non-Party people or bodies. "Special attention is given to the consistent realization of the Leninist principle of separating the functions of Party and other bodies," writes Professor Kiril Ivanov of Bulgaria.⁹ "This is necessary to promote

socialist democracy; in the process the working people get more and more opportunities to take an active part in discussing and acting on important public issues through non-Party organizations, which they are denied if the Party apparatus takes up tasks which properly are the responsibility of other bodies." The Party congress in Hungary in 1976 called for strengthening forms of industrial democracy which give the working people full opportunities to exercise their rights and influence the operation of their factories.

Leonid Brezhnev, General Secretary of the Communist Party of the Soviet Union, told the 24th Congress of the Party:¹⁰

One of the Party's central tasks is to draw the working masses into management of production on an ever larger scale. What we must achieve is, as Lenin emphasized, that every working person, every politically conscious worker should feel "he is not only the master in his own factory but that he is also a representative of the country."

And elsewhere in the speech he stressed: "The Party proceeds primarily from the postulate that under socialism the fullest possible satisfaction of the people's material and cultural requirements is the supreme aim of social production."

The Cuban leader, Fidel Castro, said that the most important work done by the central trade-union organization was the advancing of the "revolutionary consciousness of our working class" and to fostering in it a new, collectivist attitude to work and social property. "The firmest guarantee of the permanence, solidarity and uninterrupted advance of our revolutionary process," continued Castro, "is this consciousness forged in massive participation in defense, voluntary work, cultural and technical advancement, the daily battle in production, in practicing labor union democracy and in the feeling of dignity that the Revolution has strengthened in every working person through active participation in all decisions that affect his life."¹¹

Similar statements can be found in speeches and documents from all socialist countries. In the developed capitalist countries, on the other hand, the emphasis of public statements has a fundamentally different character. They deal essentially with two things: praise of the conditions that already exist or the intention of the

government to alleviate social problems created by the malfunctioning of the economy. Because of the very nature of private-property concepts inherent in a capitalist system, the concept of democracy is not extended, nor can it be, to the right of the people, or their representatives, to play the decisive role in decisions on economic investments or on factors directly governing the standard of living of working people, except for, say, the length of the standard work week and the minimum wage. In other words, workers are not expected to develop any feelings of proprietorship over the enterprise in which they work, the product of production, or what is to be done with the profits, all of which lie in the domain of the owners of the enterprises. The full stress of bourgeois politics is usually on the solving of problems created by the system and not in developing the potential of the resources available to it.

In the socialist countries, when the performance of the economy as a whole or some aspect of it lags too far behind the expectation of the people, the pressure of public opinion surfaces through a wide variety of organizational forms: the Party, the trade unions and other mass organizations, regional and city councils, the parliament, the press, radio, and television. Although individual leaders, because of outstanding past performance and personal popularity, might be tolerated longer than their current performance warrants, the public tolerance for mismanagement and lack of fulfillment of anticipated improvements in their lives has its limits and will eventually find expression through the various organizational forms indicated above. These institutions were created by the socialist system as necessary elements of a superstructure for the maintenance of the socialist relations of production.

It should be recalled that the projected improvements in people's lives are spelled out quite clearly as part of the national plans for economic development and the ability of the country to meet these goals depends on the support given the plans by the population. A dedicated and conscientious attitude toward one's work is a necessary condition for the fulfillment of the national plans. This must come about through a belief in the possibility of attaining the goals set in the plans. The specter of unemployment, often relied on in capitalist countries as a means of enforcing labor discipline, is not a factor in socialist countries in which national economic planning ensures full employment. For this reason the political leadership of a socialist country encourages the highest possible expectations for improvements in the lives of the people, and a failure to transform these expectations into reality undermines the

very basis of this political leadership. The absence of any base of power outside the public sphere facilitates the adoption of measures necessary to correct shortcomings in the social, political, and economic life of the country. Failure to do so leads to a loss of confidence by the people in their political leadership.

The history of the socialist countries shows that when a persistent confidence gap does appear, the leadership itself will be replaced. This self-correcting mechanism forms one of the principal bases of the strength of the socialist system. As we have already indicated, its source is the social ownership of the means of production.

It may be argued that the armed forces can serve as a possible alternate power base, but here again the history of all countries, capitalist and socialist, shows that the army cannot function autonomously, since it has no independent economic power. Since the principal function of the socialist state power, apart from the administration of the public wealth, is to protect the public ownership of this wealth from internal or external encroachment, the Party pays particular attention to the role of the armed forces in fulfilling this function. The lack of any instance of military coups by the armed forces in socialist countries is the best proof that the armed forces do not constitute an alternate base of power.

In a subsequent chapter we will discuss the actual functioning of public representative bodies such as the parliament and regional and local councils as organs of the socialist state system.

Chapter Three

SOCIALISM AND ECONOMIC PLANNING

1. Types of Plans

The plans for industrial production can be considered to be the backbone of socialist planning, since it is largely the level of industrial production that determines the material resources that will be available to other branches of the economy, including agriculture. Moreover the level of industrial production affects the possibilities for housing and many other social and cultural amenities — schools, hospitals, and the like. The general level of technology also has a definite influence on the development of education. Not only do the demands of modern technology require large numbers of specialists, but as technology develops, the average number of years needed to educate and to train skilled personnel also increases. These changes in the required educational level of the technical personnel are invariably accompanied by an increase in the general level of education and a broadened interest in culture.

Generally speaking, three types of plans are encountered: long-range perspective plans, five-year plans, and one-year plans.

a. Long-range perspective plans

Until recently, broad (i.e., embracing many industries) long-range perspective plans which cover periods of 15 to 20 years were rarely encountered among the socialist countries. Lack of experience in national planning, continuing experimentation with systems of economic incentives, high growth rates of economic development, fluctuations of conditions on the world market, and consequences of international tensions made it difficult to draw up comprehensive orientational long-range plans. By the mid-1970s, planning techniques, as well as systems of economic management, became sufficiently stabilized to allow such long-range plans to be drawn up in a number of socialist countries, for example, Rumania, Poland, and Hungary, with a certain measure of independence of the conditions on the capitalist world market. Another important factor was the stabilization of trade relations among the socialist countries and the growing importance of the Council for Mutual Economic Assistance (CMEA) in coordinating economic planning of the affiliated socialist countries (in consultation with the others, except for China and Albania) with the eventual goal of full economic integration (discussed in detail in Chapter Eight). As the economic weight of the socialist countries increases, the economies of the individual countries become less sensitive to the wide fluctuation on the world capitalist market.

At this writing the USSR has not yet announced its anticipated long-range 15-year perspective plan, except for some branches of the economy. However, an illustration of the accuracy with which such projections can be made is provided by the Soviet long-range projections for the years 1957-72. Table 3-1 shows these projections for a cross section of industrial production indicators¹ and the actual levels achieved fifteen years later in 1972.

From the table it is seen that the envisaged rise in production was largely achieved, production in 1972 rising approximately to three times the level of 1957. The greatest discrepancy between the projected figure and the actual was in the production of natural gas, where a 10-fold increase was achieved instead of a planned 15-fold increase. On the whole, the performance generally matched the prediction. Where the projections really fell short was in the area of agricultural production. The claim made at the time by Soviet leader Nikita S. Khrushchev (who had a reputation for excessive boasting) that the USSR would overtake the United States in per capita production of food products by 1970 was not fulfilled.

An illustration of the need for long-range planning is provided

TABLE 3-1
*Comparison of 15-Year Projections with
 Actual Production Achieved in the USSR*

<i>Product</i>	<i>1957 Pro- duction</i>	<i>15-Year Projection Made in 1957</i>	<i>Actual 1972 Production</i>
Iron ore, <i>mln tons</i>	84	250-300	208
Pig iron, <i>mln tons</i>	37	75-85	92
Steel, <i>mln tons</i>	51	100-120	126
Coal, <i>mln tons</i>	328	650-750	655
Oil, <i>mln tons</i>	98	350-400	393
Gas, <i>bln m³</i>	19	270-320	221
Electric energy, <i>bln kwh</i>	209	800-900	857
Cement, <i>mln tons</i>	27	90-100	104
Sugar, <i>mln tons</i>	5	9-10	9
Woolen fabrics, <i>mln m³</i>	282	550-650	681
Leather footwear, <i>mln prs</i>	315	600-700	647

by the increasing frequency of self-compensating agreements between socialist countries and capitalist countries. Under these agreements, which may cover 10, 15, or even 20 years, financial credits for deliveries of industrial equipment obtained from capitalist countries are repaid through future deliveries. For example, Japan provided financing for the construction of a major railway line in Siberia and the development of mining facilities for a huge coal deposit near that line. In return, the USSR will ship to Japan 100 million tons of coal from that deposit. Close by are iron ore deposits. The USSR intends to build a major iron and steel complex there. At the same time, the railway line will facilitate the development of the natural gas reserves in the Siberian region known as Yakutia. The USSR has also concluded a 20-year natural gas agreement with the Federal Republic of Germany (FRG), France, Italy, and Austria. A pipeline now crosses half of the USSR and

Czechoslovakia and goes into the FRG, France, Austria, and Italy under that agreement. Another 20-year agreement was signed between the USSR and the Occidental Petroleum Corporation of the United States, which provides for the construction of a colossal chemical complex to produce ammonia. The project includes construction of a major ammonia pipeline, big ammonia storage and handling facilities at the ports, and ships to carry the ammonia. One of the major problems in the agreement, according to the Soviet Minister of Foreign Trade, Nikolai S. Patolichev, "is to agree, 20 years ahead, on an acceptable pricing formula so that Dr. Hammer [head of the Occidental Petroleum Corporation — E.M.] doesn't go broke, and he doesn't make us go broke."²

In agreements of this kind concluded by the USSR with capitalist countries thus far, the ownership of the industrial plants constructed in the USSR remains entirely in Soviet hands. On the other hand, some of the similar agreements between other socialist countries and capitalist countries provide for limited joint ownership. (These questions will be discussed in Chapter Eight.)

As one can see, the conclusion of a single long-term agreement can be based on the needs of several branches of industry. It is the comprehensive long-range plans which transform such an undertaking from a simple profitable venture to one that is integrated into the nation's long-term economic development. Long-term plans, similar to the five-year plans, are adopted as national guidelines by Party congresses (or conventions). However, unlike the five-year plans, they are not intended to be legislated into law, but serve largely for orientation. Nevertheless, they can play an important role in the preparation of the five-year plans and assigning priorities in research and development, so that technologies that have not yet been adequately developed will receive appropriate attention. Similarly, many aspects of educational programs connected with the needs of the national economy require attention long before the actual specialists complete their education or training. Moreover, many individual industries, for example, the power industry, require long-range planning over periods considerably greater than the standard five-year planning cycle.

b. Five-year plans

The five-year plans constitute the basic planning cycle in most socialist countries. The plans of the socialist countries are usually synchronized to cover the same years to facilitate the coordination

of production in a framework of a formal and informal international division of labor. For example, two countries may wish to coordinate production of a given type of electrical transformer, one country producing one range of capacities, the second country producing another range. In this way, both countries benefit from cost savings that result from production of smaller product-mixes in larger batches. (An electrical plant in Poland in which the writer once worked had precisely such an arrangement with a similar plant in Czechoslovakia.) Since foreign trade is also embraced by the five-year plans, coordination of plans among the socialist countries provides a far more stable base for import-export activity than the fluctuating, international world capitalist market could offer.

The political and administrative organization of individual socialist countries differs and, consequently, the precise way the plans are drafted and confirmed and implemented will differ accordingly. Nevertheless, there are great similarities among most of the socialist countries, and again a certain degree of generalization will be useful.

The first step in national planning is, of course, the pooling of information about the existing productive capacities and labor reserves. This information is gathered by the state planning commission, along with proposals for additional investments in existing enterprises originating from discussions in the enterprises. The state planning commission, in consultation with the government and Party leadership, then prepares guidelines for the five-year economic development. A final draft of these guidelines is then issued by the Party for a period of national discussion and subsequent adoption at a Party congress. At this point the detailed targets for each enterprise are developed through consultation between the state planning commission, the ministries and their subordinate bodies, and the individual enterprises or associations of enterprises. At the end of this period of discussion and elaboration of the plan, the national parliament legislates the detailed plan into law and it becomes binding on all economic and administrative units. In the case of the Tenth Five-Year Plan of the USSR (1976-80), the period of discussion lasted three-quarters of a year after the initial publication of the draft guidelines.

The basic discussions take place at meetings within the individual enterprises on all levels, down to the individual departments and shops. Various enterprise organizations such as Party, trade-union, youth and women's committees discuss the plan in relation to their own sphere of activity. District, regional, and

national organizations and government bodies all discuss the plan in relation to their areas of competency. The media are widely used as vehicles of discussion. Individual citizens, apart from participating in the organized discussions, can and do direct their own comments by letter to any organ they consider appropriate.

The plans must strike a balance among several principal components: the productive capacities, the availability of natural resources and raw materials, and human resources. Any decision on the direction of expansion of a given branch of industry must take into account not only the need for the products associated with that branch, but also the availability of labor — skilled, semiskilled and unskilled — and the material and financial investments required to employ a given number of people in that branch. The number of people leaving school to enter the labor force must be matched with the number of jobs to be made available, so that neither unemployment nor shortages of personnel result. Housing, schools, services, transportation, medical care, cultural facilities have to be provided if new communities are to be established. Finally, a proper balance has to be made to ensure the smooth flow of products between different branches of the economy, including the ultimate consumers.

c. Annual plans

One-year plans are drawn up within the framework of the five-year plan. The one-year plans also reflect modifications of the five-year goals on the basis of the performance of the economy during any preceding year. Although there is usually no extensive public discussion over the nationwide goals of the annual plan, once the plan is fixed, extensive discussions take place within the enterprises on the specific targets for the plan as they affect the particular enterprise and the individual departments and shops. These discussions are particularly intense within the enterprises, as the bonus and other incentive funds are usually allocated on the basis of monthly and annual performance. Decisions on how these funds are to be used are also made on the enterprise level within the framework of national guidelines. These funds are usually of three types: production development funds, which are used for reinvestment by the enterprise; material incentive funds distributed to the employees as individual and group cash bonuses; and the socio-cultural and housing funds, which are used for projects that benefit the employees as a whole (culture and sports, subsidized meals, housing, etc.).

2. Methods of Achieving Economic Growth

The basic indicator of economic growth is national income. National income in Marxist political economy represents the monetary value of material production created by human labor in manufacturing, construction, transportation, communications, distribution and agriculture during a given period. In the more developed socialist countries, the annual rise in national income (at constant prices) currently runs between 5% and 6% (see Table 3-2). About 1% of this is derived from the increase in the labor force, and 4% to 5% from increases in labor productivity resulting from the introduction of new technology and improvements in the organization of the labor process.

a. Industrial production

The advantage of a planned economy is most readily seen in industrial production for the period 1971-75, during which time the growth rates of the socialist countries were several times that of the developed capitalist countries (see Table 3-2). For example, for the most developed socialist countries — Czechoslovakia, GDR, USSR — the five-year industrial growth rates were 38%, 37%, and 43%, respectively, while for the seven biggest developed capitalist countries the (unweighted) average growth rate was 10% for the same period.

There are several reasons for this. The principal reason stems from the underlying stability of a planned economy, which makes it possible to ensure in advance that the levels of production and consumption are matched to each other. Industrial production can be divided into two main sectors, production of the means of production (industrial machinery, semifinished products, etc.) and production of the means of consumption (consumers' goods). The latter is based on current demand, while the former must ultimately reflect future consumer demand. Under capitalism, the main indicator of long-term future demand is the actual current market, which, as we know, fluctuates widely. Therefore, investments, which are made to maximize profit rather than to maximize production, turn out to be a compromise between optimistic and pessimistic projections of the future market conditions. The continual occurrence of business crises in the capitalist world is a reflection of the inability of the market to coordinate levels of production with long- and short-term levels of consumption, a basic characteristic of capitalism which Marx called the *anarchy of production*.

TABLE 3-2
Growth of National Income and Industrial Production

	<i>Growth of National Income,^a %</i>		<i>Growth of Industrial Production, %</i>		
	1971-75		1971-75	1976-80	
	1971-75	Avg. Annual		Plan	Avg. Annual
Albania	38	6.7	52	41-44	7.3
Bulgaria	46	7.9	55	55-60	9.5
China	...	...	38 ^b	...	...
Cuba	61 ^b	10.0	50	...	...
Czechoslovakia	31	5.5	38	33-34	6.0
German Dem. Rep.	30	5.4	37	34-36	6.2
Hungary	35	6.2	36	33-35	6.0
Korean PDR	70 ^c	14.2	221	...	...
Mongolia	38	6.7	55	60-65	10.2
Poland	59	9.7	66	48-50	8.3
Rumania	71	11.3	85	54-61	9.5
USSR	32	5.7	43	35-39	6.5
DR Vietnam	...	...	68	...	...
Yugoslavia	35	6.2	47	53 ^d	8.9

Unweighted average of
the United States, Canada,
Japan, the Fed. Rep. of
Germany, France, Italy,
and the United Kingdom

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^aAt constant prices. In Marxist political economy, national income is calculated from material production only.

^bEstimated.

^c1971-74.

^dBased on 1974-85 projection.

Public ownership of the means of production by itself does not ensure a crisis-free economy. But social ownership does make it possible to plan rises in levels of consumption in coordination with the planned expansion of the productive forces. In other words, public ownership of the means of production makes possible the most rational use of the material and human resources available for the planned and proportionate development of the national economy. How is this increase obtained? Part of the increase comes from the increase in the labor force. In the relatively underdeveloped socialist countries, mechanization of agriculture makes it possible to reduce the percentage of the population engaged in farming and thus increases employment in industry and services. In the more developed socialist countries, however, significant reserves of this kind are no longer available and the increase in labor force must match the natural increase in the population, which amounts to about 1% per year. As in the case of national income, most of the increase in production must come from increases in labor productivity. For example, in the German Democratic Republic the current five-year plan calls for a 34% to 36% increase in manufacturing output, only 4% to 6% of which is to come from an increase in the labor force (i.e., about 1% annually), while 30% to 32% is to come from increased labor productivity.

Labor productivity can be increased in three basic ways: by increasing the physical effort of the worker; by changing the technology of production through the introduction of new machinery, materials and processes; and finally, by utilizing the machinery and equipment more efficiently through improvements in the management and organization of the labor process.

Socialist countries strive to attain a certain level of conscientiousness and discipline on the job, but not to the point of a physically exhausting work pace such as one finds, say, under the speed-up conditions encountered in many U.S. factories. One is reminded of an incident some years ago, when a group of steel-industry executives from the United States toured steel mills in the USSR. The relaxed pace of the Soviet steel workers so irritated them that, although they had no desire to strengthen the Soviet steel industry, they could not refrain from scolding the accompanying Soviet officials for allowing it.

The main means of raising productivity rests with the technical means of production. Socialist countries therefore devote a higher proportion of their national income to research in science and technology than the capitalist countries, since they have a greater need for improvements in the technological level of production to attain

the higher growth rates. That is, in part, why the number of engineers in the USSR is already three times that of the United States. If differences in the size of the populations are taken into account, we find that the number of engineers graduated annually in the USSR, the GDR, Poland, and Czechoslovakia is five, three, two, and one-and-a-half times, respectively, that of the United States.

But, along with the technology of production, one must be concerned with the management and organization of the production process. This is also a source of increased productivity under capitalism. However, an additional means is available under socialism which can exist only in symbolic or token form under capitalist conditions. This is direct worker involvement in problems of management and organization of the enterprise through frequent meetings and discussions by the employees of shops and departments, as well as of the enterprise as a whole, to discuss means of improving productivity. Perhaps the fundamental attitude of the workers in a socialist enterprise is best indicated by their attitude toward automation, which is bitterly opposed by workers in capitalist countries. Under conditions of full employment and socialist national planning, no worker feels threatened by automation or other labor-saving innovations. The identification of the workers with the social ownership of the plants and the products produced by them gives the workers a direct interest in increasing production. The planned increases in productivity are accompanied by planned increases in real income. The experiences of the workers themselves demonstrate this connection. For example, during the five-year plan of 1966-70, the planned increase in labor productivity in Poland was not fully met; the actual rise in real income also fell short of that planned. In 1971-75 the actual increase in productivity in Poland was double that planned. The rise in real wages was correspondingly double that planned.

During the period 1965-75, the socialist countries introduced many changes in planning and economic administration which put greater reliance on the direct participation of shop workers in establishing the production possibilities of their own departments. For example, incentive funds distributed to Soviet enterprises (for distribution to individual employees and for use of the enterprise collective as a whole) are higher if a given level of production is obtained by setting the planned production high initially and fulfilling it, as compared to setting it at a lower level and then overfulfilling the production plan. In this way, employees on the shop level have a direct interest in exploring possibilities for increased production through collective discussion and subsequent cooperation, rather

than depending on individual initiatives. In this approach the individual finds it is in his/her interest to establish an identity of interest with the collective, so that personal interest is not weighed against group interest. To utilize incentives in this way is to bring about a union of material and moral incentives, rather than pitting one against the other. An important factor facilitating this approach is the fact that the production and financial operations of the enterprises are usually wide open to the employees and the trade unions, in sharp contrast to U.S. corporations, which zealously guard trade and commercial secrets of various kinds (especially plans for future production), hide their profits from the tax authorities and their employees and engage in other types of intrigues which have now become familiar to us from official investigations into corporate corruption.

It is often alleged that the socialist countries obtain their high growth rates primarily by copying technology from the more developed capitalist countries. In the discussion of Table 2-3 (see p. 51), it was pointed out that the countries of the Third World, which are still more underdeveloped, have not shown such growth rates. In a number of industries the socialist countries have already established technological leadership or equality, such as coal, oil, steel, electric power, and cement. In these industries the USSR, for example, is still able to maintain higher growth rates than the United States.

The growth rates of the USSR and the United States for four basic industrial products are compared in Figure 3-1. The four products — oil, steel, electric energy and sulphuric acid — have been chosen for comparison because they each characterize different aspects of industrial development. Oil production characterizes the utilization of natural resources; the trend in steel production is an indicator of the investment in capital equipment (machinery and the plants to house them); electric energy, when compared with steel production, can be a measure of mechanization, and hence of labor productivity; sulphuric acid, a basic product of the chemical industry, can serve as a measure of sophistication in technology.

It is seen from Figure 3-1 that in steel and oil production the USSR has passed the United States and continues to increase its output. In 1977 the USSR produced about 30% to 35% more oil and steel than the United States. The USSR falls below the United States in electrical-energy and sulphuric-acid production, but the gap is steadily being narrowed. It appears likely that the crossover point for sulphuric acid will be reached during the years 1980-85. In the case of electrical-energy production, a best guess based on Soviet long-term projections (2350-2500 billion kilowatt-hours in

1990), and President Carter's energy program (2% annual growth through 1985) yields a crossover in 1993.

Soviet economists estimate that their 1980 industrial production will be about 10% greater than the 1975 U.S. production. It is interesting to note that Soviet estimates in 1974 put their labor productivity at 55% of the U.S. level. This figure is in rough correspondence with the two technological indicators chosen above, electrical-energy and sulphuric-acid production. From Figure 3-1, it would appear that not only quantitative, but also qualitative, equality of the technology of production is likely to occur shortly after the lines for these indicators cross (there will be a lag in obtaining per capita equality because the population of the USSR is about 20% greater than that of the United States).

This process of catching up with the developed capitalist countries extends to all socialist countries. For example, Poland, a country with a long history of economic backwardness, is planning to produce in 1980 about 15% more steel per capita than the United States produced in 1977.

The economic strength of the socialist economies has already made it possible for Third World countries to free themselves from the economic stranglehold of the industrialized capitalist powers. The growing isolation of the so-called Western Bloc in the United Nations can be considered to be a consequence of the ongoing shift in the economic balance of power from the capitalist system to the socialist system.

Estimates made by the economists of the Council for Mutual Economic Assistance place the socialist industrial output in 1975 at 43% of the world output, as compared to 50% for the developed capitalist countries. The socialist planned economies, which in 1950 accounted for only 20% of the world's industrial production, thus continue to move ahead rapidly, owing to the ability of their crisis-free economies to sustain high growth rates.

The outcome of the economic competition between the two social systems will, in the long run, be determined by the dominant role played by industrial production in the economic balance of power. If the difference in annual industrial growth rates between the socialist countries and the developed capitalist countries were to average two percent, the balance of economic power would shift decisively to the socialist countries in no more than 10 to 20 years.

Moreover, this estimate does not take into account the fact that the goal-oriented socialist economies can make more effective use of their economic resources than the market-dependent capitalist economies.

TABLE 3-3
Planned Growth of Agricultural Production

	1976-80 %	Average Annual %
Albania	37-40	6.7
Bulgaria	20	3.7
Czechoslovakia	14-15	2.7
German Democratic Republic	20	3.7
Hungary	16-18	3.2
Mongolia	26-30	5.1
Poland	15-16	2.9
Rumania	25-34	5.3
USSR	14-17	2.9
Yugoslavia	18 ^a	3.4

^aBased on 1974-85 projection.

b. Agricultural production

The second major area embraced by the plans is agricultural production. In Table 3-3 we can see that the five-year plans for 1976-80 envisage increases ranging from 14% to 40%, or about 3% to 7% annually. Agricultural-production growth rates tend to be lower than industrial growth rates, partly because of the large number of uncontrolled factors (weather, length of growing season, etc.). Nevertheless, the current growth rates are considerably greater than those of capitalist countries. Few developed capitalist countries are self-sufficient in agriculture, the United States and Canada alone providing about two-thirds of all grain imported by nonsocialist countries. As for the United States itself, its annual grain production in the mid-1970s was about 240 million metric tons, of which about 80 million tons were exported.

If the current rate of expansion can be maintained, it will take about three five-year plans for agricultural production to reach the self-sufficiency level of one ton per capita annually in the USSR and the European socialist countries.

In 1975 the USSR experienced the worst drought of the century. Because of the publicity connected with Soviet grain purchases in the United States, the press of the capitalist countries kept pointing to Soviet agriculture as proof of the failure of socialist agriculture. Never mentioned was the fact that during the five-year plans spanning the years 1950 and 1975 the average Soviet grain harvest increased at an annual rate of 3.6%, from an annual average of 89 million metric tons in 1951-56 to an average of 181 million tons in 1971-75. (The population growth rate in the USSR is currently a little under 1% per year.) The 1976 harvest totaled a record 224 million tons and in 1977 it was 196 million, giving a two-year average of 210 million metric tons, in the face of a 1976-80 goal of 215-220 million metric tons for the yearly average.

3. Continuing Transformation of Property Relations in the Countryside

As was already pointed out in Chapter 2 (pp. 33-34), a variety of forms of agricultural property relations exist in the socialist countries: private, cooperative, and state ownership. Generally speaking, one can discern the following pattern of development at the present time. In Poland and Yugoslavia, where small family farms still predominate, the formation of cooperatives is being encouraged. Poland has an interesting history in this regard. During the years 1950-56, attempts were made by the Party and the government to induce the peasants to form cooperatives. However, the principle of voluntary association was often violated. Administrative methods to pressure the peasants into cooperatives, such as excessive taxation, were not unusual. By 1956, about 9,000 cooperatives had been formed, embracing about 15% of the cultivated land. In 1956 the principle of voluntary association was reasserted, and most of the cooperatives voted to dissolve; by 1960 about 1,600 remained together, and by 1970 the number stabilized at about

1,000. In the place of cooperatives, the government encouraged the peasants to form self-help circles for the joint purchase, with government participation in many cases, of farm machinery too expensive for the average peasant family. The machines, partly under collective ownership and partly under state ownership, would be used on the individual farms. It was hoped that in this way the peasants would gradually learn to work together and come to see the benefits of cooperative farming. By 1973, a very slow, but almost spontaneous, movement into cooperatives began. The Party has concluded that it is time to encourage the formation of cooperative farms with strict adherence to the principle of voluntary association. With the stronger industrial base now existing in Poland, the government is in a better position to offer investment credits for the purchase of tractors and other farm equipment which would make large-scale cooperative farming much more attractive. Between 1973 and 1977 the number of cooperatives rose about 50%. Although embracing only two to three percent of all arable land in 1977, cooperative farming will most likely be the dominant form of farming in the 1980s.

During the past years, another interesting process developed in Poland. With no shortage of jobs or educational opportunities, many younger people prefer to move to the cities and towns, rather than take over the farm from their parents under conditions of a backward agricultural technology. In these families, the older peasants often turn their land over to the state in exchange for comfortable pensions or cash settlements. As a result, the area cultivated by state farms has been increasing and in 1976 encompassed about 18% of all cultivated land. Socialized property, which includes property of state farms, cooperatives, and the machinery of the self-help circles, amounted to about 50% of the total value of the means of production in agriculture in Poland in 1977.

At the present time, in most socialist countries the dominant form of agriculture is cooperative farming. Cooperatives choose their own officials and governing bodies. Cooperatives decide for themselves what investments are to be made on the farms and what crops will be planted. The state can influence such decisions by offering special credits for certain types of investments and by contracting for crops. The income after taxes belongs exclusively to the cooperatives.

State farms are organized essentially in the same way as other state enterprises. Their employees enjoy the same rights as other workers in state-owned enterprises.

In the means chosen for increasing agricultural production the

socialist countries are also progressing toward another goal of communist society, the elimination of the relative isolation, provincialism, and cultural backwardness of rural life. Part of the task is to form homogeneous property relations in the countryside and to create conditions of socialization of labor similar to that in urban settings.

The property relations associated with cooperative farming are relations of cooperation and mutual assistance within a given economic unit. They differ from the property relations in a state-owned enterprise, where those performing the labor share ownership of the product of production and the means of production with the rest of the nation. Therefore, members of cooperatives constitute a class that is distinct from workers in state-owned farms and factories. The relationship between these two classes is not exploitative, such as that between capitalist employers and workers, and therefore the class relations are not antagonistic. It is in the interests of both classes to cooperate in the building and strengthening of the socialist society. The class interests, however, are not identical. Because of the narrower property base of cooperatives, the collective as a whole tends to have a narrower outlook than the workers of state farms and other state-owned enterprises.

The path to the development of homogeneous (or uniform) class relations in agriculture seems to be the formation of agro-industrial complexes. In Bulgaria, for example, 170 agro-industrial complexes were established, each with areas of 50,000 to 100,000 acres of arable land. In these complexes, the cooperatives still retain their identities as economic units. As the state investments in these complexes increase, the cooperatively owned portion has diminishing significance in comparison with the state-owned portion. In this way homogeneous property relations will gradually emerge.

This process was described by a Rumanian leader as follows:

Experience has shown that essential distinctions between industrial and agricultural labor remain after the triumph of socialist production relations in town and country (i.e., at the socialist stage of building communism). And this applies not only to natural conditions (which will never be fully overcome) but also to distinctions of a social and economic nature, such as the level and character of the productive forces, the existence of state and cooperative forms of property with

their differing degrees of socialization and social division of labor. As a result, in a socialist society, too, industrial and agricultural workers differ in terms of their place and role in the organization, management and development of production, the nature of their work, their economic interests and the way these are realized in the distribution of the national product. The most obvious expression of these distinctions is the existence of two social classes, the workers and peasants

The fact that these friendly classes are pooling their efforts and dedicating their abilities and energies to achieve a common goal should not obscure the class character of their relations. But the building of a socially homogeneous society presupposes ending the division into social classes and strata, obliteration of social and economic distinctions between various types of work and the people engaged in them

Transforming agricultural work into a variety of industrial work is one of the chief ways of erasing the essential differences between the two. And we are doing that by building up the material and technical basis of the new society, particularly in agriculture. We have an ambitious integrated program for promoting mechanization, more use of electric power and chemicals, more efficient organization and management, wider employment of the new technology in crop and cattle-farming, and in the latter the accent is on a more industrial-type operation

Expansion of the material and technical base of agriculture, more scientific research and wider use of scientific findings and technology, will bring agricultural work closer to industrial [work], and with wider use of power and machinery it will become more productive. But this will require more concentration, specialization and establishment of the optimal size of production units. The process will create new professions in agriculture, with skills similar to those

required in industry, and we will have to borrow from industry some of its organization and management methods

The continued development of industry and agriculture, rational distribution of the productive forces, planning urban and rural communities (120 rural communities will be built up to agrarian and agro-industrial towns by 1981), harmonious development of existing towns and closer economic and cultural ties between town and country and other measures now being implemented by the Party, will substantially change the image and structure of our towns and villages. The overall purpose is to even out working and living conditions and social and cultural amenities, or, in other words, gradually remove all essential social and economic distinctions between town and country.³

It is worthwhile keeping in mind that this discussion concerns a country which, before the advent of socialism, was one of the most backward in Europe, with semifeudal property relations prevailing in agriculture.

The concept of social homogeneity should not be misunderstood. "We should make it perfectly clear," said the Rumanian Communist Party leader Ceausescu, "that we are not out to achieve uniformity, make all people alike. That would be absurd. What we want to do is form a human man, a man of versatile knowledge and ability, a human Communist. And we are working to afford the most favorable conditions for everyone to apply his abilities in accordance with his possibilities and individuality, in all spheres of public life, in society, and for society."⁴

4. *Economic Reform and the Concept of Profit*

The reforms that were introduced in the mid-1960s in the USSR received widespread publicity in the United States as heralding a return to capitalist methods. A brief discussion of these reforms is

appropriate here, especially since many other socialist countries have adopted some of the same measures.

During the initial periods of industrialization and fundamental reorganization of the economy, certain key projects, such as the building of a major hydroelectric power station, steel mill, or railroad line, were regarded of such vital importance for the development of the economy that their completion had to be given top priority. Construction materials, needed machinery, parts, and skilled labor were usually in short supply. Successful completion of the project in the planned time under these difficult conditions required resourcefulness, political ability, and almost superhuman efforts. While economic efficiency was not to be ignored, the cost factors were not always the major concern. For example, industrial ministries would often issue instructions to divert deliveries to the priority projects even though such intervention could disrupt the operations of other enterprises that had been promised supplies. However, as the imbalances associated with underdevelopment evened out, and the scale of construction increased, the expansion of production in the various branches of the economy required planned, proportionate development. Cost accounting and the cost effectiveness of investments in the economy took on increasing importance. By the mid-1960s, a new approach to the economic organization of production was introduced in the USSR and subsequently in most European socialist countries. A key aspect of this reform was the formation of production associations and amalgamations embracing several enterprises and carrying out cost accounting as single economic units. These associations and amalgamations were essentially of three types: associations formed on a territorial basis, associations formed from enterprises in the same branch of industry (horizontal association), and associations formed from enterprises that feed into one another (vertical association). Collective farms, state farms, and industries associated with agriculture are also being joined together in amalgamations in similar ways. By 1975 about 25% of Soviet production was embraced by production associations. By 1980, the associations will encompass all production.

Although the main production goals for the associations are still centrally planned, the associations have been given more freedom from central control to implement their plans. Terms such as *market*, *interest on capital*, and *profitability* are increasingly encountered in evaluations of economic effectiveness. However, this in no way signals any return to capitalism, because investments are not made for profit, but to meet the needs of consumption and ex-

panded production for future consumption. The methods of calculating cost efficiency (including some terminology) can be borrowed from the economics of capitalism without the introduction of the profit motive in the place of social need as the reason for production. For U.S. corporations, for example, the profit motive leads to investments wherever they yield the greatest profit, whether in the United States or abroad, whether necessary for the economy or unnecessary. Industries requiring heavy fixed-capital investments such as steel, electric power, railroads, and others are experiencing crises in obtaining capital because higher profits are to be made elsewhere.

The socialist countries that have introduced criteria of profitability still have their major investments and primary production targets clearly defined in the final versions of the national economic plans, so that no problems arise in ensuring full employment or the continuous flow of supplies. However, the financial arrangements between the interconnected enterprises and associations of enterprises are more flexible than before, in order to better account for the actual cost of production and sizes of investments. Performance can then be measured partly in terms of surplus income in relation to the investment, that is, in relation to the economic resources absorbed for a given level of production. Part of the surplus income is transferred to the national budget as a "tax." The remaining part is retained by the economic unit as a "profit" and is divided into three funds in accordance with national guidelines: a fund for cash distributions as bonuses to employees; a fund for the benefit of the employees as a whole (sociocultural expenditures, housing, sports, etc.) and a fund for expansion or modification of the enterprise's productive facilities. These measures make it possible for employees of a given economic unit to quickly see tangible results from improvements in the economic performance of the unit.

The consequence of this concept of profit is compared to the consequence of the pursuit of capitalist profit in Figure 3-2, where Soviet steel production is plotted against U.S. steel production. The steady rise in Soviet production is in sharp contrast with the ups and downs of U.S. production. William Colby, head of the U.S. Central Intelligence Agency, was questioned about this contrast at a Congressional hearing on April 18, 1975, chaired by Senator William Proxmire (D-Wis.):

Proxmire: It looks as if their production is straight.

Colby: Yes.

Proxmire: It is such a straight line, is that reliable? Notice the fluctuations in the other lines. Why is their production so uninterruptably straight with no deviations to speak of?

Colby: Chiefly planning.

Proxmire: Usually there are unforeseen developments that occur. What led to that uninterrupted growth?

Colby: As a high priority in their concept, they keep a stress on that.

James Noren of the Office of Economic Research, who testified along with Colby added:

The Soviets plan additions to capacity almost every year. There are no work stoppages in that country, no shortages really of coal or raw materials that could cause steel production to decline in any one year. It is not an even percentage increase from year to year, but an uninterrupted increase from year to year.

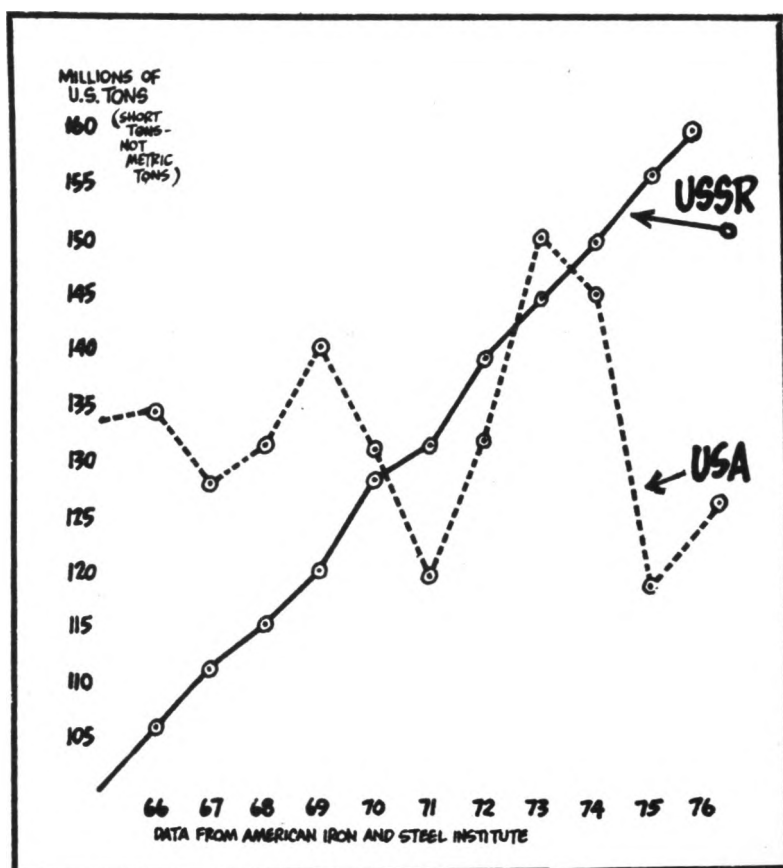
Proxmire: No energy problems such as we have?

Noren: Not in steel, no.⁵

This exchange provides striking evidence that concepts of profit in a socialist framework are secondary to social need as the motive power of a socialist economy.

FIGURE 3-2

*Planning vs. Chaos: Raw Steel Production
in the USSR and the United States (1966-75)*



Daily World

Chapter 4

WORK IN A SOCIALIST SOCIETY

1. Finding a Job

A problem of prime importance facing any worker is obviously the possibility of obtaining stable employment in one's own occupation. No capitalist country can match the record of the socialist countries in this regard. One of the finest achievements of national economic planning is elimination of unemployment as a mass social phenomenon. If an unbalance does occur, it is on the side of a shortage of labor.

In general, workers in all socialist countries decide for themselves where they will apply for work. Moreover, they are free to quit a job whenever they wish.

Persons seeking employment or changes in employment can make use of state-run employment offices, which charge no fees. Individual enterprises also advertise their needs in the local press.

Statistics on job turnover indicate that workers do indeed make use of their right to change their place of work. In Poland the job turnover rate in industry (all employees) in 1975 was 20%, down from 30% in 1960. Czechoslovakia had a blue-collar worker turnover of 21% in 1975. If these figures seem high, one should compare them with the United States, where the turnover rate in

manufacturing was 92% in 1975 (that is, 7.7 workers out of every 100 left their jobs each month — more than half of them had been fired).

More detailed analysis shows that workers in Poland or Czechoslovakia are likely to leave their jobs voluntarily only half as often as workers in the United States. If one considers the greater availability of jobs in the socialist countries, then it would appear that the less frequent job-hopping is attributable to the greater satisfaction one obtains from one's work under conditions of socialist relations of production. It is obvious that when the choice of occupations and job possibilities are varied, more thought will go into the selection of a job. Furthermore, although high incomes are welcomed, the pay itself is not necessarily the dominant factor, especially when one does not have to worry about putting money aside for sickness, retirement, unemployment, or similar emergencies. An indication of this was given by a poll conducted in Lenin-grad among 2,665 people of different occupations and ages. They were asked about the working conditions they would seek in choosing a job. The replies, listed in order of preference, were: 1) varied work; 2) work requiring ingenuity and creativity; 3) good relations with other workers; 4) importance of the product to the economy; 5) work shifts that would allow study and leisure; 6) possibilities for improving skill; 7) wages.¹

Further evidence of this attitude toward one's job was provided by a poll taken among Bulgarian women in 1973. They were asked if they would give up their jobs if their husbands' incomes were doubled. Ninety-six percent replied, "No."²

2. Trade Unions

Working people spend most of the time they are awake either at their jobs or in activities connected with preparing for their jobs — except, perhaps, on weekends. The inability of the capitalist factory system to generate workers' interest in the production process gives rise to the alienated worker, one who either dislikes or is indifferent to his/her job. Marx showed that the source of this alienation is the private ownership of the means of production and the private appropriation of the products of labor. Social ownership of the enterprises and the products produced in them opens the

possibility for workers to develop a sustained interest in the results of production and therefore in the labor process itself. Socialism does not do this automatically; it only creates the conditions that make it possible. It takes a conscious effort to turn the possibility into a reality. The main responsibility for ensuring that this possibility is turned into a reality falls on the trade-union and Party organizations of the enterprise and on the management. It is their task to cultivate the initiative of the employees so that it expresses itself in all matters connected with the operation of the enterprise.

In the socialist countries the trade unions in people's places of work administer many of the social services, especially those services which are directly associated with the workplace. Some of these areas of responsibility may not be traditionally associated with places of work in capitalist countries, but have become so under socialism to ensure more responsive control by the working people themselves. For example, vacations are provided for under national legislation drawn up with the participation of the central trade-union bodies, but the resorts, plans, allocation of places, etc., are operated by the trade unions themselves. The enterprise trade unions decide what types of services should be provided right at the enterprise, for example, medical care, day nurseries, dining halls, sport and cultural facilities, and even certain stores. It is then up to the trade-union committee to negotiate the establishment of these services with the enterprise management or with the appropriate government bodies and to spell out in the trade-union contract the extent to which the enterprise is responsible for financing and maintaining these services. The enterprise trade-union committees are, of course, elected by the union membership.

The trade unions also administer allocation of housing, not only in dwellings constructed by the enterprise for its employees, but also in public housing assigned to the enterprise by the municipal or district housing administration. The trade unions may also initiate the construction of cooperatively owned housing.

Another area of trade-union responsibility is labor safety. Since the enterprise labor-safety committees are trade-union committees, the unions provide training for their own members to enforce the standards for occupational safety. The union committees work in cooperation with public-health inspectors and the enterprise medical personnel. The latter both function independently of the management, since they are not employed by the enterprise.

In the United States, the primary focus of trade-union activity is, of course, on wages, fringe benefits, and working conditions. Trade unions in socialist countries also concern themselves with

these questions, but they are interrelated somewhat differently. For example, the "fringe benefits" administered by the trade unions in socialist countries embrace practically the entire area of social services, social welfare, and recreation. Wages and working conditions are connected in a qualitatively different way, since the working conditions include worker participation in decisions on organization of production, the results of which are tied back to incomes. We shall deal with these questions in the sections which follow.

3. Problems of Socialist Enterprise Management

We have already noted that there is a marked tendency among the socialist countries to decentralize, to a certain degree, the implementation of national economic plans. Once the national objectives are established, the individual enterprises and the associations or amalgamations of enterprises must work out the technological and financial means for implementing the plans. The state, through its control over the investment credit system, ensures that the national needs are properly taken into account. Moreover, the allocation of the "profit" to be retained by the economic unit has to be decided. The discussions on these topics involve all enterprise personnel, from management to shop workers. In the German Democratic Republic, for example, once the discussion on, say, the annual plan is concluded, results of the discussions and negotiations are incorporated into the collective-bargaining agreement for the enterprise. The agreement must be ratified by the employees. Cases occur in which plans are completely rejected. In 1973, the 8,000 workers of the Hans Beimler Works in Henningsdorf, GDR, rejected as unrealistic the plans prepared by management on the basis of the state directives for the production of railroad rolling stock by the plant, and a new one had to be drawn up.

The collective-bargaining agreement includes details concerning labor safety, the size and distribution of material-incentive funds (which usually amount to about one month's extra pay for 100% fulfillment of the plan), welfare and social-cultural expenditures, educational programs, public catering (dining) facilities,

housing, and other expenditures from the social-consumption funds at the disposal of the enterprise. The basic wages, however, are usually established by negotiations on the national level and are not included in the enterprise agreements. (Wages will be discussed in the next section.) The agreements also deal with shift assignments, job classification, grievances, etc. It is common practice that no worker can be fired without the agreement of the enterprise trade-union organization.

Under the new Labor Code which went into effect in 1978 in the GDR, an enterprise cannot dismiss a worker without finding him or her another job, even in cases of absenteeism, alcoholism, insubordination or other violations of labor discipline, except in the most unusual cases. The law is intended to prevent one enterprise from passing on its problems to another. Enterprises are expected to develop programs for rehabilitating workers with labor discipline problems by counseling, peer discussions, or other appropriate measures.

Regular production conferences are held during the year to review problems connected with the operation of the enterprise. In some cases (GDR, USSR), there are *permanent production councils* whose members are elected directly by the employees, and in others (Rumania), periodic conferences are organized by the trade unions. In Poland, a more complex system involving a *workers' self-government council* is used. Part of the council is elected directly, and part is designated by organizations within the enterprise (trade unions, Women's League, youth organization and Party). These councils or conferences include representatives from all units of the enterprise, so that their membership may often go into the hundreds for a single enterprise. In the GDR about 2% of the labor force are members of these councils.

The newspapers, magazines, and other publications of the socialist countries give much attention to reports about *innovators*, *rationalizers*, *labor emulation*, *labor competition*, etc. They feature photographs of outstanding workers and teams of workers. This attention reflects the importance which the socialist countries attach to methods of involving workers individually and collectively in raising labor productivity. Thus, in one Party document from the GDR we read: "The political, ideological and economic results obtained in the socialist emulation* campaign exert a

*Declarations of intent, issued by a group of workers, to perform specific outstanding accomplishments, or their challenges to others to match their group performance.

substantial influence on continued scientific, technological and economic progress, on the development of society as a whole The socialist emulation movement combines the struggle for high economic results with the development of the working people's socialist consciousness, the stimulation of intellectual and cultural life and efforts to improve working and living conditions."³ In a report by an Albanian leader we find the following description:

Socialist emulation should be properly understood as a component part of the whole system of the organization and management of the people's economy, and should become an important factor for the fulfillment and overfulfillment of the tasks of the plan Socialist emulation should encourage criticism and self-criticism, control and self-control, it should enhance the feeling of individual and collective responsibility, the socialist consciousness of the people. Its aim in the conscious mobilization of the working people should be . . . social aid so that backward workers are raised to the level of advanced workers and the advanced ones always march forward, the summing up and organized dissemination of advanced experience.⁴

In the GDR, it is estimated that savings amounting to 67% of the increase in national income during 1976 were derived from innovators' proposals for improving the technology or organization of production. In the USSR the corresponding figure was 24% in 1974. Many U.S. firms maintain "suggestion boxes" with rewards ranging from steak dinners (Electrical Machinery Manufacturing Company in Minneapolis) to small cash bonuses (IBM and others), but such suggestion boxes do not play the same role as the innovators' movement in the socialist countries, since workers are not encouraged to expect substantial increases in income to be associated with their proposals. In the socialist countries, every proposal must be given a thorough review, the procedures for which are fixed by law. Furthermore, payments for proposals that are accepted are directly tied to the economic value the proposals produce. If a group of workers does not have the technical knowledge required to develop a good idea into a practicable form of application, a technologist, engineer, or draftsman will be assigned by the enter-

prise to provide such expertise at the firm's expense.

Another form of social involvement in the functioning of national enterprises is the *people's or workers' control commissions*. These commissions, elected by the enterprise personnel, carry out inspections, reviews, and even "raids" to verify that public property is not being put to improper use, not being diverted to private hands. Spot checks and surprise audits of production and financial activities are among the means used to disclose shortcomings in the management of public funds and property. These commissions function independently of the enterprise management.

The idea of workers electing or selecting the management of the enterprise in which they work is immediately attractive and is apt to strike one as a high point in the concept of workplace democracy. It turns out, however, that as democratic as this concept may seem at first glance, the concept of socialist democracy cannot be considered independently from the question of property relations in socialist society. The problem was already touched upon in the discussion of the differences in property relations between cooperative and state farms. In a cooperative, the means of production and the product of production belong to the members of the cooperative. It is therefore appropriate that the cooperative choose its own management, and decide independently on how this property and the income derived from it are to be used or distributed, subject only to national regulations. In a national enterprise, on the other hand, the means of production and the product of production are not the property of the workers of the particular enterprise, but are the property of the entire nation. The workers of a given enterprise share in this ownership to the same extent that they share in the ownership of all other national property. If the enterprises were placed entirely under the control of the collective of workers employed there (such control would include the right to select their own management), then the enterprise would be effectively transformed from national property to cooperative property. A consequence of this would be the emergence of tendencies to strengthen the relative position of this workers' collective in relation to others, to develop those areas of production that are likely to bring the greatest income to the collective, rather than bring greatest possible benefit to the nation as a whole. A stronger enterprise would find it possible to outmaneuver a weaker one and pressures would build up to introduce market economies so as to take advantage of different levels of efficiency among the enterprises. In the United States we see how large-scale dairy cooperatives function as capitalist enterprises even to the point of being involved in

the same type of corrupt corporate practices to maximize their profits, the profits being distributed among member-shareholders, rather than stockholders. The transformation of national property to cooperative property and the introduction of a market economy would hopelessly complicate national planning and give rise to unemployment.

Yugoslavia is the only socialist country which has carried out extensive experiments in this direction. The enterprise collectives were given control over management and the product of production and a market economy was introduced. The employees of each enterprise elect a *self-management committee*, which, in turn, appoints the director from inside or outside the enterprise. The state plans served more as guidelines than as economic imperatives, but the enterprise operations were still subject to federal and regional pressures by government and Party bodies, which used their control over the banking system to monitor investment policies of the enterprises. Although the rise in national income was comparable to other socialist countries in the 1960s, Yugoslavia has been particularly hard hit by the recession in the capitalist world, and, as we indicated earlier, in 1975 unemployment ran at about 10% while an additional 20% of its labor force was working (or seeking work) abroad. Moreover, the fragmentation of economic interests reflected itself in the fragmentation of regional interests. Since Yugoslavia is a multinational federation, regional conflicts gave rise to manifestations of nationalism, which required intervention by the national organs of the Party and government, and a consequent assertion of Party authority in a number of matters. In Chapter Three we noted that there have recently been some steps taken in Yugoslavia to enhance the central control over economic policies, although the basic approach to enterprise management has not yet undergone any fundamental change.

Most of the other socialist countries have adopted policies under which the enterprise manager is appointed by the state. The managers and their subordinates have the responsibility of ensuring that the enterprise functions in the national interest. Despite the fact that this system is called *one-man-management*, the Party and the trade-union organizations work closely with the management so that a collective leadership emerges to reflect both the interests of the enterprise employees as well as that of the nation as a whole. That is not to say that disputes do not occur, but their resolution is invariably through negotiations. Nevertheless, the managers do not and cannot function in an adversary relationship with the employees, since any expression of lack of confidence in a manager by

the enterprise Party or trade-union organizations would result in the manager's removal. In fact, in 1976 in the USSR 10,000 administrators were replaced at the insistence of trade unions for violations of the labor laws or ignoring the needs of workers.⁶ Socialism has destroyed the myth that only an elite can own and manage enterprises. About 80% of the managers of Soviet enterprises began their occupational activity as workers and farmers. In France and Great Britain, only 2.7% and 7.7%, respectively, of the presidents of firms come from families of workers or farmers.⁷

Each of the socialist countries has its own labor codes outlining the handling of grievances. In the USSR, for example, the *disputes commissions* are composed of an equal number of representatives of workers and management. The enterprise trade-union committee, however, can override the decisions of the commission and either side can appeal to a labor court for final resolution of a dispute.

Another important activity of the trade union is the organization (in cooperation with other bodies) of continuing education programs which provide employees with either additional formal education or the acquisition (or improvement) of occupational skills. The laws of the socialist countries usually give employees the right to take a certain number of hours off each week, with no loss in pay, to attend such classes, even if the skill to be acquired is not relevant to the activity of the enterprise that employs them. The classes are held within the enterprise or outside it, according to their nature. At this writing, Cuba, which has already overcome the mass illiteracy inherited from the prerevolutionary regime, is in a nationwide program for workers to acquire a sixth-grade diploma. The Central Organization of Cuban Trade Unions, which has organized the drive, announced in February, 1977, that 183,000 workers have enrolled in classes for this purpose.⁶

Another characteristic of socialist countries is the involvement of large numbers of employees in various commissions and committees. In the GDR, about 20% of employed persons serve on them in some capacity (see Table 4-2).

An indication that one should not oversimplify the question of workplace democracy by reducing it to whether or not the employees select the management was given by economist David Granick in his study of enterprise management in socialist countries.⁸ Granick compared the degree of protection offered to workers by the Yugoslav workers' management institutions in comparison with the Soviet system of workers' appeals from management decisions. From Granick's data it follows that workers in the USSR are 50%

TABLE 4-1

*Trade Union Officials and Committee Members
in the GDR (1974)*

Shop stewards	250,848
Cultural committees	234,309
Sports committees	186,318
Social insurance committees	234,141
Labor safety committees	216,270
Women's commissions	110,204
Youth commissions	40,597
Permanent production councils	176,114
Disputes commissions	196,463
Public control commissions	89,576

*(In 1974, in the GDR the number of
employed persons was 7,903,000)*

more likely to win appeals for reversal of management decisions than in Yugoslavia. In the case of appeals against dismissals, the workers' claims were upheld in 59% of the cases in the USSR, as compared to only 24% in Yugoslavia. Granick notes further that the substantially greater degree of reversal by Yugoslav courts suggests that the Yugoslav workers' councils feel far freer in sanctioning worker dismissals than do the Soviet trade-union committees at the enterprise level. It would appear that the question of the relative democratic content of one approach versus the other cannot be dealt with in isolation from the totality of the prevailing socioeconomic conditions, including the way the Party and state are organized to reflect the interests of the people. It is, of course, possible for conflicts to arise between the interests of cooperatives and those of the nation as a whole in countries with centrally planned economies. The blending of cooperative and state investments which is now slowly developing in many socialist countries will eventually resolve the problem. In the meantime, however, the existence of the cooperative form of property in a socialist economy in which the state sector is dominant does not lead to the same types of social fragmentation as in the case of Yugoslavia, especially since the po-

litical and ideological leadership in the country as a whole arises in the state sector. This leadership is provided by Marxist-Leninist parties, the social base of which is rooted in the working class associated with nationally owned enterprises.

4. *Wages and Salaries, Hours, Pensions*

In all socialist countries the payments for labor of factory and office workers are based on the quantity and quality of their work. This principle of payment is also extended to workers in state farms and members of cooperatives.

The distribution of the social product of labor according to the work done is an extremely complex problem. Account has to be taken of the differences in training and skill, as well as differences in the specific conditions of labor and the available means of production, both within a given enterprise and within the national economy as a whole.

Marx pointed out that there is obviously an element of inequality in payment according to the work one performs. One worker may be superior to another physically, one may have more children to feed than another. Therefore, with an equal output, and hence an equal share of wages, one will in fact receive more than another, one will be richer than another. Marx referred to this principle of payment as *bourgeois right*, because it arises under conditions of capitalist production, and commented:

But these defects are inevitable in the first phase of communist society as it is when it has just emerged after prolonged birth pangs from capitalist society. Right can never be higher than the economic structure of society and the cultural development thereby determined.

In a higher phase of communist society, after the enslaving subordination of individuals under division of labour, and therewith also the antithesis between mental and physical labor, has vanished; after labour, from a mere means

of life, has itself become the prime necessity of life; after the productive forces have also increased with the all-round development of the individual and all the springs of co-operative wealth flow more abundantly — only then can the narrow horizon of bourgeois right be fully left behind and society inscribe on its banners: from each according to his ability, to each according to his needs!⁹

Every socialist country has had some experience with efforts to jump prematurely into the higher stage of communism, that is, to distribute products on a per capita or egalitarian basis. During periods of extraordinary national effort accompanying, say, the consolidation of state power for the new system, most of the population will accept the need for rationing and other forms of equal distribution. But these forms, when maintained after the crisis conditions no longer exist, inevitably lead to a drop in productivity, absenteeism, and other forms of social demoralization. We can cite here the experience of some of the early Soviet cooperative farms in the 1920s when incomes were distributed on a per capita basis. This form of distribution caused a decline in labor productivity among small families, who sometimes resigned from the cooperative because they did not want to accept a share smaller than that given to big families for the same amount of labor. Similar efforts in China during the "Great Leap Forward" actually led to decreases in agricultural production. In Chapter 2 (pp. 46-48) we gave Fidel Castro's analysis of Cuba's experience with premature leveling of incomes.

As a result, all socialist countries have introduced systems of pay grades within an enterprise. The USSR has a six-grade system for shopworkers, with the top grade receiving twice the pay of the lowest grade within the same industry. Despite the attacks on "bourgeois right" by the so-called radicals, China retained an eight-grade wage system in industry. Wheelright and McFarlane¹⁰ reported that among manual workers in China, the top wages were about two-and-a-half times the lowest. After Mao's death and the purging of the "gang of four," China ceased its attacks on "bourgeois right."

An interesting comparison is provided by the ratio of the salary of directors of large enterprises to the average earnings (including bonuses) of all employees. The average for these ratios from Granick's data are as follows: Hungary, 4.4; Slovenia (the most in-

dustrialized republic of Yugoslavia), 3.2; Rumania, 3.9; GDR, 3.2; USSR, 3.6. A rough estimate for China is 2.2; in Albania the ratio is 1.7. By contrast, Granick gives the ratio 18.9 for the United States (without stock options). It thus appears that the wage and salary policies of the socialist countries are designed to provide a material incentive just sufficient to encourage the development and maintenance of managerial skills and not to provide more income than a person and his/her dependents could reasonably consume. The U.S. ratio of 18.9 clearly gives enterprise directors more money than they would ordinarily spend on themselves. The unspent money is invested as capital. It cements the bond of class identity and common class interest between the directors of the corporations and the principal owners.

In socialist countries the hourly and piecework wage rates (without incentive bonuses) are usually fixed on the national level as part of the national economic plans. The central trade-union councils work out the national patterns with the appropriate government bodies for each branch of the economy. We already gave examples of the planned rise in average wages for a number of countries in Table 2-2 (page 44) under the five-year plans for the years 1976-80.

To ensure a balance in the distribution of labor among various branches of the economy, wage differentials are used. For example, if the pay were to be the same for a given level of skill, then the lighter jobs would attract more workers than more arduous ones. Therefore, the pay in branches of industry with the heaviest physical work is about double that of light industry. Table 4-2 illustrates that the pay differentials from branch to branch in Poland run about the same as those in the United States. Data from Czechoslovakia (not shown) reveal a very similar pattern.

The similar wage-distribution patterns in capitalist and socialist countries is another indication of the need to recognize the operation of the objectively existing economic laws during the current stage of socialist construction.

The work week in the socialist countries varies considerably. The average number of hours worked in a week is smallest in the USSR, averaging 39.5 in 1975. The regular work week is 41 hours, but persons having particularly arduous work have reduced hours. Coal miners are now shifting into a 30-hour week. The GDR started to reduce its work week to 40 hours in 1977 from 43.75 hours. Czechoslovakia, Hungary, Yugoslavia and Bulgaria have work weeks in the range of 41.5 to 42.5 hours; Poland, 44.5 hours; and Mongolia, 46 hours. Rumanians work a 48-hour week, but

TABLE 4-2
*Average Wages of Selected Branches of Industry
 Relative to Average Wages of All Production Workers
 in the Same Country (1974)*

<i>Industry</i>	<i>Ratio to Average in Poland</i>	<i>Ratio to Average in the United States</i>
Coal mining	1.57	1.46
Primary metal	1.29	1.37
Electrical	0.98	0.98
Food	0.88	0.98
Textile	0.81	0.75
Clothing	0.74	0.71

had been planning to cut it to 42-44 hours by 1980. This may be delayed one year because of severe economic damage caused by an earthquake in 1977. China has a 48-hour week, including lunch.

Overtime is sharply curtailed in most socialist countries. The evaluation of management performance is lowered if excessive overtime work occurs in an enterprise. In 1976 the average industrial worker in Poland put in 1.6 hours a week overtime (at time-and-a-half pay).

Another advantage of a planned economy is strongly appreciated by shift workers. A shift worker in the United States, say, in a steel mill, is often unsure of what his shifts and time off will be for more than a week or two in advance. When the author visited a steel mill in Warsaw, Poland, one of the foundry workers showed him a calendar he carried, in which his shifts and free days were printed for the entire year. In this way, family visits and outings, weddings, and celebrations could be planned well in advance. When this was reported to a veteran U.S. steelworker, one who had been an active trade-unionist and Communist through most of his adult life, he was simply incredulous. It had never occurred to him that the anarchy of capitalist production affected the day-to-day operation of his plant even during "boom" periods. He said that as things stand he would be happy to have a calendar which merely

marked out the periods when he would have a job. The idea that it was even possible for a steel mill to schedule workers' shifts a year in advance was just beyond any dream.

Vacations usually run three to four weeks and are heavily subsidized (see Chapter 5).

Pensions in most countries begin at age 60 for men and 55 for women. New pensions run about 50%-60% of the income before retirement. In some countries, the retirement age is reduced by five years for occupations which are particularly arduous or hazardous to the health.

5. *Labor Safety*

Poland's main export commodity is coal, for which there is no shortage of customers today. Despite the economic importance of maximizing coal production, there is no pressure on the coal industry to produce coal at the expense of the coal-miners' health. Black-lung disease is unknown among Polish miners, nor does it exist as an occupational disease in the USSR, where the coal production surpasses that of the United States. It was only a few years ago that U.S. coal miners held one of the few political strikes this country has ever experienced. The strike was over the demand for legislation to provide medical treatment and compensation for victims of black lung.

A capitalist-operated corporation approaches the question of labor safety as a problem in cost analysis. The investment required for safe working conditions is compared with the cost of possible damages that would have to be paid to a victim of an occupational hazard. The same logic operated here as that which dictated the decision of privately owned U.S. railroads to delay construction of signal lights and gates at rural crossings because it was less expensive to pay a fixed sum to survivors of the occasional fatality. No executive of any major U.S. corporation has ever gone to prison for damaging the health of a worker, regardless of the existence of laws that provide for such punishment. Hence the approach to occupational health is simply a financial question, solvable by a computer.

A striking difference between the corporate-capitalist and the socialist approach to occupational health is illustrated by the ways

the United States and the USSR deal with pollutants in work spaces.

The United States standards are called Threshold Limit Values (TLVs), which "refer to the airborne concentrations of substances and represent conditions under which it is believed that nearly all workers may be repeatedly exposed day after day without adverse effect."¹¹ In other words, the standards are designed to protect nearly all workers, but not necessarily all. The actual percentage of workers whose health can be affected adversely is not further specified.

The Soviet standards are called Maximum Allowable Concentrations (MACs), which are characterized as "absolute limits that should not be exceeded during any part of the working day, regardless of lower concentrations that may have existed during any of its period. They are set at a value which will not produce, in any of the persons exposed, any deviations from normal, or any disease which can be detected by the most modern research methods available."

The permissible amounts of pollutants under these two different approaches are shown in Table 4-3 for a number of commonly encountered chemical pollutants. In the United States, if a pollutant caused one's hair to turn green, a separate determination would have to be made on whether or not this was an adverse effect. The Soviet standards are three to 100,000 times as strict, since they allow for no changes in the person exposed, whether or not they are considered harmful.

It would be difficult to argue that the standards in either country are enforced rigorously, regardless of the economic consequences. But what is seen here are fundamentally different approaches to the question of what is desirable in the way of social goals. The fact that the representatives of the workers themselves are encouraged in one case to be involved in the enforcement of the standards while in the other they must fight for this right is a major difference in the way the interests of working people are taken into account in the two systems.

Dr. Robert I. Glass, a U.S. health environmentalist who made a study of Soviet practice in the field of environmental health, reported that despite the difficulty of the no-effect threshold, standards are adopted rapidly in the USSR and enforcement can be quite powerful, carrying the full backing of the government. When a MAC is currently unattainable in practice, it represents a direction for future enforcement or a guideline for future research in control technology. Dr. Glass therefore sees the economic planning that characterizes the Soviet society as an effective means for dealing

with industrial pollutants. He notes that conformity with the standards is most rigorously sought in planning new industries or new urban areas. Once a plan is approved and construction has taken place, the environmental health hygienist "must verify that conformity with his multitude of norms [standards] has been achieved before the plant can begin operation or the building can be occupied."¹² For this reason, fierce conflicts over enforcement in existing plants do occur, and they have to be resolved by negotiations between the management, public-health officials, and trade-union committees.

TABLE 4-3

*Comparison of Allowable Levels of Pollutants
in Workplace Atmospheres in the United States and
the USSR (milligrams per cubic meter)*

<i>Substance</i>	<i>United States</i>	<i>Soviet Union</i>
	<i>Threshold Limit Value^a(TLV)</i>	<i>Maximum Allowable Concentration (MAC) on Any One Occasion^b</i>
Ammonia	18	0.200
Carbon monoxide	55	3.0
Chlorine	3	0.10
Chlorobenzene	350	0.10
Methyl mercaptin	1.0	9×10^{-6}
Nitrobenzene	5	0.008
Nitrogen dioxide	9	0.085
Phenol	19	0.01
Pthalic anhydride	6	0.1
Sulphur dioxide	13	0.5
Sulphuric acid	1.0	0.3

^aFrom *Threshold Limit Values for Chemical Substances and Physical Agents in the Workroom Environment* (American Conference of Government and Industrial Hygienists, 1976).

^bFrom Robert I. Glass, "A Perspective on Environmental Health in the USSR," *Archives of Environmental Health*, 30 (August, 1975), p. 391.

There is no intention here of idealizing the problem of labor safety under conditions of socialism. Occupational hazards exist in a number of branches of industry despite the attempts to eliminate them. For example, the effects of dampness in underground mines have not yet been overcome, even if the coal dust problem has been. Mine accidents do occur, even if they are less frequent than in the capitalist countries. Work in textile mills is still considered hazardous enough to warrant special prophylactic care for mill workers, for example, periodic stays at health resorts and provision for early retirement, but the framework provided by the socialist society is one that contributes to the solution rather than to the continuation of these problems. The public-health departments and the trade unions are encouraged by the state and the Party to struggle aggressively for the elimination of occupational hazards, and public funds are appropriated for this work. Although economic considerations play a role, there is no question of an enterprise management making a cold-blooded calculation to compare the cost of compliance with labor-safety standards to the cost of compensation payments to the victims.

6. Farmers and Farmworkers

The treatment of farmers and farmworkers in socialist countries is in marked contrast with that of farmworkers in the United States. In 1975, the average hourly wages of U.S. farmworkers were only 42% of the average for all workers and employees. Farm workers in the United States are not covered by social security or unemployment insurance. In 1974, the median earnings of male farmers and farm managers were only half of all male workers, not to speak of the especially desperate plight of migrant farmworkers. By contrast, in Poland the average income of peasants with private farms is greater than that of office and factory workers, while workers on state farms earned 74% of the national average wage in 1976. In Hungary rural incomes in 1975 were slightly higher than urban incomes, while in Czechoslovakia, rural incomes were about 90% of the urban incomes. In the GDR the average pay of workers on state farms in 1976 was 870 marks a month, or 94% of the national average of 927 marks for all employed persons. Soviet state-farm

workers averaged 127.5 rubles a month in 1975, or 87% of the national average of 146 rubles. The income of collective farmers in the USSR is also catching up with that of urban workers. In 1965 income from work on cooperative farms amounted to only half of that received by urban workers. Under the current five-year plan, the income from collective farming is to rise from 63% of the national average in 1975 to 68% in 1980. Since an additional 30% usually comes from intensive farming and livestock breeding on small private plots to which collective farmers are entitled ($\frac{1}{2}$ to $1\frac{1}{4}$ acres), collective-farm income in 1980 should equal the average urban income.

Cooperatives are obligated to provide their members with certain social services, such as pensions, vacations, medical care, sickness payments, maternity leave and benefits, and minimum guaranteed earnings. Funds for these are set aside from the incomes of the cooperatives or are provided by the state from national social-insurance programs. National legislation may provide for other types of protections for cooperative-farm members. For example, Soviet collective farmers are not supposed to work more than a forty-one-hour week averaged over the year. Peasants and farmers of no capitalist country are covered by such sweeping social-security and protective programs.

No socialist country ever attempted to solve its problems of agricultural production through the use of migrant farmworkers. The absence of such an impoverished stratum of agricultural workers over an area embracing one-third of the earth's land surface is certainly an impressive achievement of the socialist system. The surplus agricultural population, which arises in connection with the mechanization of agriculture, is readily absorbed in industry (except for the case of Yugoslavia). The extension of education to the countryside enables village youth to enter the labor force with adequate vocational training.

In every developed capitalist country the ruling class utilizes displaced agricultural populations (or their descendants) for menial, low-paid labor in the cities and resorts to all forms of racism and chauvinism to perpetuate the system of double oppression — oppression as workers, oppression as minorities — on which this superexploitation is based. The familiar examples are those of the Blacks and the Chicanos in the United States, the Greek, Italian, Yugoslav, and Turkish "guest workers" in Western Europe, and the Koreans in Japan. In the socialist countries no nationalities or races live under comparable conditions of second-class citizenship.

Chapter Five

STANDARD OF LIVING — MATERIAL AND CULTURAL

1. The Concept of Standard of Living

We have already discussed how socialist countries plan the rise in the standard of living (see, e.g., Section 2.3). Table 2.2 (pages 44-45) shows that the people of the socialist countries were able to count on the continued improvement of their standards of living all through the 1970s, at a time when the capitalist world was finding itself in a deep economic crisis with high unemployment, unabated inflation, and deterioration of many aspects of social life.

One aspect of the standard of living is readily measured in terms of the consumption of material goods and services. We can call this the *material standard of living*. Another aspect of the standard of living is more difficult to embrace in quantitative terms. Perhaps this is what is meant by the term *quality of life*. The security of one's family in regard to material necessities such as food, clothing, housing, and medical care; the ability to obtain employment in one's own occupation; the ability to participate in the determination of one's conditions of work, in the planning of one's own future; the opportunities for relaxation, recreation, and retirement; accessibility of education, literature, and the arts —

these and similar aspects can be considered to be the *cultural* or, as it is frequently called in literature of the socialist countries, the *spiritual* side of the standard of living. In discussing this aspect of the quality of life, we must keep in mind that every quality is associated with a quantity. Free medical care without trained medical personnel, hospitals, and medicines is an empty concept.

To make our discussion more concrete, we will focus on a document bearing the rather elaborate title: "Theses of the Central Committee of the Bulgarian Communist Party on the Further Implementation of the December Programme on Raising the People's Living Standards under the Seventh Five-Year Plan and up to 1990."¹ (The Seventh Five-Year Plan runs from 1976-80; the December Program was adopted in December, 1972).

This document defines the main task of the period 1976-90 as: "to attain such a degree of comprehensive satisfaction of the material, spiritual and social needs of the people and the demands of the living environment as will correspond ever more fully to the developed socialist society and will ensure the further universal acceptance of the socialist way of life, the many-sided development of the personality and further improvement of production relations."

To translate this general statement into more specific objectives, the document then discusses a number of areas which we will summarize below:

1. The standard of living should correspond as closely as possible to scientifically established or reasonable standards of nutrition, housing, child care, medical care, clothing, services, and access to culture. Increases in consumption must correspond to increases in resources. Raising the cultural standard also means a "deeper humanism in relationships in society," more security for people in their futures, greater personal and family happiness.
2. The greatest stress will be the development and satisfaction of what the document calls the "people's higher needs," which are described as "such components of the living standard as the fuller satisfaction of spiritual needs, of the needs of more useful labor and public activity, of creative self-improvement of man, of improving the living environment, etc." As to the general mass of material goods and services, the highest growth rates will be for those having a long-term character, "which serve to meet aesthetic, moral, intellectual and other spiritual needs."

Improvements in housing (space and comfort) and reduction of housework are considered important elements in this regard.

3. The improvement of conditions should contribute to the gradual abolition of basic differences in living standards and lifestyles between the working class and cooperative farmers, and broader participation of women in all spheres and activities. Integration of the interest of the individual with well-being of the whole of society is to be the basis of relationships between people in accordance with the principle: "Care for man through the care for the whole of society and care for society through the care for individual man."
4. It is necessary to cultivate a sense of conscientiousness, respect, and love for productive labor, improving of occupational and professional skills, unfolding to the full the creative potential of working people.
5. Remuneration should continue to be tied to the results of labor. At the same time, differences in degrees of skill should be reduced. Distribution through the social consumption funds should nevertheless increase at a faster rate, which will contribute to the eradication of a consumerist attitude, to the raising of living standards.

The objectives summarized above reflect a certain shift of emphasis common to the other more developed socialist countries as they approach the levels of industrialization attained by developed capitalist countries. At a conference on economics and politics under conditions of developed socialism organized by the *World Marxist Review* (a theoretical journal published by the parties associated with the world Communist movement), a Hungarian participant, Gyorgy Borsanyi, explained:

Having satisfied the basic requirements of the population, socialist society must decide which requirements, material or spiritual, must get priority at the present stage. That the decision is being made is evidenced by the fact, for instance, that formulation of the basic economic

law of socialism is no longer limited to the traditional proposition about maximum satisfaction of the material and cultural needs of the population as the aim of socialist society, but has been complemented by the need to promote the all-around development of the individual.²

A Polish social scientist, Henryk Cholaj, added:

This implies, first, a new approach to the problem of consumption in the mechanism of socioeconomic development, and, second, shifting the accent from raising prosperity standards to qualitative, all-around development of the man of socialist society. Today we must not only satisfy more of the people's material requirements, but also create conditions that stimulate the socialist way of life, the harmonious development of the human personality.³

It is not that a country like Poland has satisfied its material needs. There is still a housing shortage, the supply of meat is not up to the demand for it, there are still many horses pulling plows. In fact, a booklet published by the Polish Press Agency in 1977 acknowledges that the material standard of living in Poland is still lower than in 25-30 of the most developed countries of the world.⁴ But the leading socialist countries now see themselves as fully catching up and passing the developed capitalist countries within a period of 15-20 years in their material standard of living and are therefore beginning now to develop methods of dealing with the next phase of social development.

Let us first look at the question of material needs of the population, keeping in mind, however, that material and cultural needs are not always clearly separable.

1. Consumer Goods

Table 5-1 shows the per capita consumption of goods in Bulgaria for the year 1975 and the planned consumption in 1980. The table

TABLE 5-1
*Change in Per Capita Consumption
 of Consumer Goods in Bulgaria*

	<i>Reasonable Level</i>	<i>Reported for 1975</i>	<i>Planned for 1980</i>
<i>Foodstuffs</i>			
Meat and meat products, <i>kg</i>	80	57	70
Fish, incl. canned, <i>kg</i>	12	6.2	8
Milk (incl. butter in terms of 3.5% fat content), <i>liters</i>	260	174	220
Eggs, <i>number</i>	265	145	200
Flour, <i>kg</i>	135	157	150
Vegetable oils, <i>kg</i>	13	13.8	14
Sugar and confectionery, <i>kg</i>	32	34	36
Vegetables, <i>kg</i>	180	94	150
Fruit (incl. grapes, melons and watermelons), <i>kg</i>	200	118	190
Potatoes, <i>kg</i>	35	30 ^a	30
Beans, <i>kg</i>	4.5	4.5 ^a	4.5
Soft drinks and mineral water, <i>liters</i>	110	61.4 ^a	109
<i>Nonfoods</i>			
Cotton fabrics, <i>sq meters</i>	36	26.5	30
Woolen fabrics, <i>sq meters</i>	7	4.9	6
Silk fabrics, <i>sq meters</i>	7	3.4	5
Knitwear, <i>pieces</i>	19	10.2	15
Footwear (excl. slippers), <i>pairs</i>	4	2.1	2.2
<i>Durables per 100 families</i>			
Radios	130	106.9	130
Television sets	105	60.3 ^a	80
Washing machines	70	50	65
Refrigerators	100	61	90
Cars	40	16	26

^aAccording to plan.

also gives the Bulgarian view of what is considered to be a reasonable level of consumption. From the table it would appear to be possible for the Bulgarians to reach the reasonable levels by the end of their next five-year plan, that is, by 1985. But the Bulgarian planners anticipate an increase in real demand as the conditions of life change, and therefore expect upward revision of the reasonable levels for some of the products. It is expected that by 1990 the consumption of the listed material goods will more or less be in line with the reasonable levels at the time.

TABLE 5-2
*Per Capita Consumption of Meat and Fish
and Stock of Consumer Durables*

	<i>Kg</i>		<i>Per 100 Families</i>					
	<i>Meat and Fish</i>		<i>Washing Machines</i>		<i>Refrigerators</i>		<i>Cars</i>	
	1960	1975	1960	1975	1960	1975	1960	1975
<i>Socialist Countries</i>								
Bulgaria	31	63	...	50	...	60	0	16
Czechoslovakia	62	88	54	110 ^a	11	79	7	30
German Dem. Rep.	55	87	6	73	6	85	8	26
Hungary	50	71	15	76	1	73	1	18
Poland	48	77	19	87	2	53	1	10
USSR	46	75	21 ^b	65	32 ^b	62	0	5 ^c
<i>Capitalist Countries</i>								
Austria	62	84	...	...	...	...	17	64
Fed. Rep. Germany	67	96	...	75 ^d	...	93 ^d	23	79
France	78	105	31	69 ^e	41	89 ^e	39	91
United States	93	109	85 ^e	98 ^f	98	100	75	109

^aIncluding separate spin-dry units.

^b1965.

^cEstimated.

^d1973.

^e1974.

^fIncludes access to machines in apartment houses.

Levels of per capita consumption of meat and fish and stock of consumer durables per 100 families are shown in Table 5-2 for the six socialist countries with the highest standard of living. (Since grain products at one time were the main food staple in all these countries, the level of consumption of meat and fish can serve as good indicators of standard of living.) For comparison, similar data are shown for a cross section of developed capitalist countries: Austria, Federal Republic of Germany, France and the United States. It is seen that during the period 1960-75, the differences in meat and fish consumption among the socialist countries narrowed considerably. At the same time the differences between the socialist countries and the developed capitalist countries also narrowed. Significant differences remain in durables found in homes. In fact, the differences are greater than actually shown if one takes into account the quality and variety of the appliances. For example, in the United States, the percentage of washing machines with fully automatic (spin-dry) cycles is much greater than in the case of the socialist countries. Some household appliances (for example, dishwashers) are not yet generally available in the socialist countries. The socialist countries trail the developed capitalist countries in the availability of passenger cars. However, they are starting to expand automobile production on a large scale. Czechoslovakia, for example, expects to have 40 cars per 100 families by 1980.

3. *Prices*

Visitors to socialist countries from the United States find socialist currencies very confusing. A currency speculator may sidle up to them and offer to pay three to four times the official exchange rate for U.S. dollars. On the other hand, if they price food staples, they find that the official exchange rate gives them two or three times the value of the dollar. Moreover, visitors are informed that they cannot take out the domestic currency, but must re-exchange it for their original currency. Another apparent anomaly is the existence of shops which accept only currencies from the capitalist countries for payment.

The reasons for these practices require some background to understand. Despite the inconveniences and problems created by them, they reflect the advantages of a nationalized planned economy, namely, the ability of socialist economies to utilize prices to reduce social inequities carried over from their feudal and capitalist

pasts. We have already discussed the low cost of housing. Prices of food staples and essential services are often kept below the cost of production in order to ensure adequate food supplies and other necessities to the population regardless of income. For example, at this writing, the price of meat in Poland is less than that received by a peasant for the animal from which the meat is derived. It is cheaper for a Polish peasant to buy his pork in a shop than to slaughter his own pig. The government of the Korean PDR makes rice available to the public at less than one-seventh of the cost. In other cases, foods, services, and ordinary manufactured goods are more in line with the cost of production. Prices for domestically produced luxury goods tend to have a relatively high markup. Prices of imported goods not considered necessities and domestic products of highest quality, especially products readily marketed in the capitalist countries, tend to be still higher.

In their trade relations with capitalist countries, the socialist countries give high priority to imports of machinery and high-technology equipment in order to speed the development of domestic production. Therefore each socialist country produces items for export to capitalist countries only in such quantities as it finds necessary to exchange for needed industrial goods (or products such as grain to meet emergencies arising, say, from a very bad drought). Also, certain products unavailable from other socialist countries are imported from free-market areas to meet the ordinary needs of the consumer. Therefore the socialist countries use their price policies to discourage consumption of imported consumer goods from developed capitalist countries so that maximum use can be made of imports to develop their economies. The ability to import from capitalist countries is also restricted by special obstacles in the sale of goods to some of the developed countries. For example, the United States invokes discriminatory import tariffs against goods from most socialist countries.

For these reasons, the prices of the less essential consumer goods imported from the developed capitalist countries tend to be set at a much higher level than domestically produced goods. In addition, prices are often set at domestic free-market levels to discourage speculation.

Prices of books, newspapers, and magazines, cultural entertainment such as stage plays, concerts, films, and the cost of vacations are usually heavily subsidized. For example, a seat in the fifteenth row center for a Saturday night performance at the Polish Grand Opera of Warsaw in 1977 cost the writer \$1.21 at the official exchange rate.

One often finds that the cost of children's clothing and even some of the cheaper ready-to-wear clothing is subsidized in order to induce women to work rather than stay home and sew clothing for the family.

The value in dollars of the basic currency unit in Poland (the *zloty*) depends on what is to be bought with it. Table 5-3 illustrates three approximate ranges of exchange rates one would find if a comparison is made between prices of the same goods and services in Poland and in the United States in 1977.

TABLE 5-3

*Effective Exchange Rates for Polish Currency Based
on Buying Power for Various Categories of Goods*

<i>Zlotys per Dollar</i>	
Staples, essential services, and cultural activities (bread, flour, meat, milk, sugar, salt, public transportation, movies, haircuts, heat, postage)	3-18
Clothing, household appliances, radios, tele- vision, automobiles	15-60
Instant coffee, French perfume, highest quality wools, and manufactured goods imported from nonsocialist countries or domestic manufactures of similar quality normally produced for export to developed capitalist countries	60-140

From the table, one can see why nonconvertible currency and a state monopoly of foreign trade are regarded as necessary. Without them a traveler could bring in, say, \$100 worth of goods in the third group, sell them, say, for 10,000 zlotys, buy items in the first group, which could then be sold abroad for \$1,000, that is, at a profit of 1000%. Not only would the Polish state be losing money by selling subsidized items, but such speculative trade would also lead to shortages of vital goods in the first group.

On the other hand, the state is willing to sell domestically for dollars and other convertible currencies those items which it would normally seek to sell abroad, and this is why special stores have

been established for the sale of goods for convertible currencies only. Those purchasing these items can resell them either directly to the state or privately (in special shops called *commission shops*) for domestic currency at the favorable market rate. The advantage here is that the goods enter circulation on the home market to satisfy domestic demand. The disadvantage is that the goods are nevertheless excessively high-priced and people with sources of convertible currencies (usually from relatives abroad) find themselves in a privileged position. Another important disadvantage of this multiple pricing system is that it inevitably leads to some amount of currency speculation. It thus becomes a question of weighing the advantages of the state's being able to guarantee the population essential goods and services at relatively low and stable prices, as well as obtaining convertible currency, against the negative effects of the social parasitism of a relatively small number of speculators.

The pricing policies made possible by the socialist economy can produce social benefits not accessible to countries with market economies. This is why it is possible for a country like Poland with a per capita national income of about \$1500 to \$2000 in 1975, as compared to a U.S. figure about two to three times as great, to have eliminated poverty, malnutrition, and crime in the streets as social phenomena, while conditions in U.S. cities grow worse year by year.

Recent public-opinion polls in the United States invariably put inflation, after unemployment, as the country's main problem. What about socialist countries? Table 5-4 summarizes the changes in the cost of living during the years 1960-76 for socialist countries for which data are available. Data from a number of developed capitalist countries are also shown. Although no official data from China are available, reports from visitors indicate that the prices of staples have not changed for twenty years.

With the exception of Yugoslavia, the socialist countries have maintained remarkably stable prices in comparison with the high rates of inflation on the world markets. The high rate of inflation in Yugoslavia demonstrates the problems that arise in a socialist country with a convertible currency and a market economy.

The planning system of the socialist countries and the profit incentives applied to industry are such that a factory increases its profit not by increasing its prices, but by reducing production costs. Under ordinary conditions, therefore, a socialist planned economy has no built-in mechanism that would lead to inflation. Nevertheless, there are certain international factors that create inflationary pressures. Socialist countries carry on about two-thirds

TABLE 5-4
*Cost-of-Living Index for Socialist and Capitalist Countries
 in 1976 Relative to 1960*

<i>Socialist</i>		<i>Capitalist</i>	
Bulgaria	103 ^a	Denmark	302
Czechoslovakia	110	France	249
German Dem. Republic	98	Fed. Rep. of Germany	180
Hungary	127	Italy	295
Poland	134	Japan	329
Rumania	108	Sweden	240
USSR	100	United States	193
Yugoslavia	847 ^b	United Kingdom	319

^a1975.

^bOffsetting this high rate of inflation was a 910% increase in nominal wages between 1963 and 1976.

of their foreign trade with other socialist countries. Thus they still import goods from countries tied to the capitalist market. The higher prices they receive for goods exported to the world capitalist market at present do not completely offset the higher prices they pay for imported goods. Most of the socialist countries listed in Table 5-4 are able to keep their domestic prices relatively stable by covering the increased outlays for imports from the national budgets. They can do this without increasing taxes, since the national budgets, which are derived largely from the profitable operation of industrial establishments, regularly increase from year to year as production increases.

Although socialist countries usually trade with one another on the basis of long-term agreements, the relative prices of the goods traded are not immune to pressures resulting from price changes on the capitalist market. If the price of coal in France rises, then the Polish foreign-trade organizations come under economic pressure to pay, say, for the increased prices of machinery Poland imports

from France by shifting to France some of the coal normally exported to Czechoslovakia, unless, of course, Czechoslovakia offers to pay more for its coal. In order to deal with these pressures the socialist countries in the Council for Mutual Economic Assistance have agreed that the prices of goods traded among themselves will be based on the average world market price over the preceding five years. In this way they avoid the violent fluctuations of the capitalist market, but deal realistically with the pressures that build up from the fact that each country still manages its own economy. In Chapter Eight we will discuss how this problem will be resolved ultimately by the integration of socialist economies.

The statement made previously that there is no built-in mechanism for inflation in a socialist economy assumes the absence of spontaneous market factors and well-balanced economic planning. A certain degree of spontaneity leading to inflationary pressures can arise in connection with agriculture. The dependence of the harvest on the weather makes it difficult to plan agricultural production with the same accuracy as industrial production. Poor harvests two or three years in succession can lead to absorption of the normal reserves and difficulties in meeting targets for the planned rises in the standard of living. Some socialist countries have a history of undue optimism in projecting increases in agricultural production and, as a result, the increases in wages may exceed the increases in the quantity of food products available, a situation which generates inflationary pressures.

The predominance of private farms in Poland introduces another spontaneous element in the consumer market. Although this market is not entirely independent of the state economy, since most of the agricultural production is contracted for by the state, free-market factors do come into play. The increased demand for agricultural products, especially meat, which results from pay increases received by urban workers is satisfied in part by production increases stimulated by paying peasants higher prices for their products. The mixture of private and state markets in agriculture has led to greater increases in the cost of living in Poland than normally encountered in other socialist countries (except in Yugoslavia). Thus between 1970 and 1976, the cost of living rose in Poland by 18% (an annual rate of 2.8%), while nominal wages rose 73%, a net gain of 47% (6.6% annually) in the buying power of the average worker's pay. However, prices over a wide range of goods are now so far below costs of production that a major restructuring of prices is necessary. The government tried to do this in one swoop in 1976 by introducing price changes which would have

raised food prices by an average of 39%. Although the price increase was to be offset by simultaneous increases in wages and other cash payments to the population, public reaction, including some demonstrations, forced the government to rescind the changes, and apparently they are being introduced on a more gradual basis.

In Hungary, most of the 27% increase during the 16-year period embraced by Table 5-4 occurred after 1968, when as part of an economic reform a limited dependence on supply-and-demand factors was introduced into pricing policies.

In Czechoslovakia, 8% of the 10% increase in the cost of living occurred during the attempts to introduce "Market socialism" (i.e., to allow market factors to replace planning) in the latter part of the 1960s. Between 1970 and 1976 there was no increase in the cost of living.

4. *Housing*

Another important area of the material standard of living is housing. No capitalist country has yet succeeded in providing its entire population with adequate housing. This is one area where the inadequacy of leaving matters to the profit motive is most striking.

The long-term housing needs of the socialist countries are tremendous. Populations which before the Second World War lived largely in peasant huts with dirt floors without plumbing or sanitation facilities moved into urban areas where they needed modern housing with all conveniences. The problem was made worse, of course, by the destruction of entire cities during World War II. The destruction of housing over vast regions of the USSR is simply unimaginable. The Polish city of Warsaw, which had a prewar population of a million, was 90% destroyed. The senseless fire-bombing of Dresden and the fierce street fighting in Berlin in the final days of the war left two of the major cities of what is now the German Democratic Republic in ruins.

Industrial construction competes with housing for many of the same materials and machinery, as well as skilled labor. Despite the steady improvement in housing conditions, a more balanced industrial base had to be developed before it would be possible to attempt to fully solve the housing problem. Most of the European socialist countries have already consolidated the necessary industrial base, and they have now embarked on an all-out assault on the

housing problem. Much additional progress has been made, but the housing conditions are still far from ideal. In general, in the socialist countries of Europe the number of persons per room is between 1.1 and 1.4, while in the developed countries of Western Europe and the United States the occupancy rate is typically between 0.6 and 0.9 persons per room.

In the USSR, 56 million people (about 20% of the population) have improved their housing conditions during the period 1971-75. The same rate of construction is being maintained during the years 1976-80. In Poland, the number of persons per room has already dropped from 1.66 in 1966 to 1.18 in 1976. Under the Bulgarian plan for raising the people's living standards, each family can expect to have its own dwelling (that is, apartment or house) by 1983-85. The Bulgarian plan also calls for the rapid increase in the average size of the new dwelling units from 75 square meters during the years 1976-80 to 80-85 square meters during the following five-year plan and finally to 95-100 square meters during the years 1986-90. The latter figure is comparable to that in the United States.

The economics of housing under socialism is vastly different from that under capitalism, since socialist countries heavily subsidize housing. In the USSR, for example, rent and payments for utilities by the occupants cover on the average only one-third of the cost, the remainder being paid by the state. Thus, rent and utilities by the occupants cover on the average 4% to 5% of the family budget. Multiple dwelling units either belong to the municipal government or to individual state enterprises or institutions which finance their construction. Allocations are generally based on criteria of urgency. Cooperative housing construction is also organized by employees of one or more enterprises or by the local government. Each member of the cooperative makes a down payment of 30%-40% of the cost of an apartment. The balance is covered by loans of ten to twenty years at 1% interest. Maintenance and utilities run at the same rates as in state-owned housing. Cooperatives account for 7% of the total volume of housing construction in the USSR. Private housing accounts for about 8% of all rural housing. A down payment of 30% (often covered partly by the collective farm on which the future owner works) is required. The rest is covered by a loan from the state at 0.5% interest. The owner provides the maintenance.

Housing in other socialist countries is usually organized along similar lines, although rent and utilities and percentages of various kinds of ownership differ. Thus rent and utilities run about 10% of

family income in Hungary, 2% in the Korean PDR, 15% in Poland, and 4% in the GDR. In 1975 in Czechoslovakia, cooperatives constituted 27% of all new housing; individually financed (usually one-family) homes also accounted for 27% of new dwelling units, the remainder being financed by the state of enterprise funds. In the same year, cooperatives accounted for 57% of new housing in Poland and 38% in the GDR. In the GDR during the years 1976-80, owner-occupied one-family homes will constitute 10% of all new housing, as compared to 5% during the previous five years. In general, new constructions, maintenance, and utilities are heavily subsidized directly or indirectly from the national budget.

An interesting consequence of this policy of subsidizing housing is that the quality of a family's housing is less dependent on family income than in the capitalist countries, where free-market conditions prevail. As a result, no slum neighborhoods or "rich" and "poor" districts can develop. Moreover, city planners, who have to approve all construction projects, attempt to ensure a heterogeneous character to every neighborhood and thus avoid the formation of "commercial" neighborhoods, "white-collar" neighborhoods, "blue-collar" neighborhoods, and the like. The absence of neighborhoods concentrating a particular social stratum eliminates potential pressures for privileged treatment of a given neighborhood in matters of education, community services, and supplies of goods to local shops.

Public initiative is also encouraged in housing matters. In 1977, the Polish newspaper, *Trybuna Ludu*, awarded its prize for public initiative to the Majkow Housing Settlement Self-government Committee in the city of Kalisz. Construction of the settlement, consisting of 650 one-family homes in 1977, was organized in the late 1950s by workers of a textile factory with the assistance of the factory. Fifteen of the first houses built were occupied by blue-collar workers. Since then, the settlement has been opened to employees of other factories and institutions, although the textile factory and a state agricultural machinery center have taken "patronage" over the settlement, that is to say, these two enterprises provide financial and administrative assistance, and aid in repairs, maintenance, and procurement of needed materials. The settlement self-government committee is elected by the residents and works out its own five-year plans and annual plans. Its activities are distributed among a large number of other committees in which residents are encouraged to play active roles, for example, the health committee, services and retail-trade committee, gasification

committee, and street-surface committee. There are twenty committees that concern themselves just with specific construction projects such as the tennis-court committee and the house of culture and sports committee. Some meetings are so well attended that the meeting-room doors have to be kept open for the overflow crowd. One such meeting occurred when there was a discussion on building a day nursery, since the nearest nursery was two miles from the settlement. In addition to these committees, the settlement has its own senior-citizens club and tourism association, and its own branches of national organizations such as the Women's League, Union of Polish Socialist Youth, and the Polish United Workers Party. Once a month the Self-government Committee meets with the district Party leadership to discuss the settlement activities, problems, and needs.

5. Taxes

The national budgets of socialist countries depend largely (in many cases even entirely) on the income from state-owned enterprises for their revenues. Socialist countries have no sales taxes. Taxes on wages and salaries have been eliminated in the Korean PDR, Albania, and Cuba. They are being eliminated in Poland. (By 1976, the average tax rate on wages and salaries in Poland was down to 0.3%.) By 1980, 60% of all workers in Mongolia will be completely free from taxes on their incomes. Bulgaria has announced long-range plans to eliminate taxes. On the other hand, taxes on salaries and wages averaged 9% in the USSR (1975) and 11% in the German Democratic Republic (1976). In the case of the latter, half of the tax is a social-security tax, which in other socialist countries is ordinarily paid entirely by the employing enterprise. Czechoslovakia has a relatively high tax on wages and salaries, averaging 18% (1975). Even in this case, however, the tax on wages and salaries accounts for only 11% of the combined national and regional budget outlays. (For the USSR, the corresponding figure in 1975 was 8.4%). If, however, for comparison with the United States, we exclude allocations for investments in the economy (which in capitalist countries are not ordinarily provided from public funds), then we find that taxes on wages and salaries provide 23% of the remaining budget outlays in Czechoslovakia (the USSR

— 15%). By contrast, in the United States approximately one-half of federal, state, and city revenues were derived from taxes on wages and salaries and sales taxes (excluding property and excise taxes). These taxes amounted to about one-third of the average person's earnings. Federal, state, and city corporate income taxes and employer contributions to social security and unemployment insurance accounted for only 20% of the total federal, state, and city revenues.

In budgets of socialist countries one finds mention of *turnover taxes*. Economists of the socialist countries explain that this is not really a tax, but the means by which the state prevents funds from accumulating in a given industry in excess of that needed for incentive funds or expansion. Western economists counter by arguing that a) the turnover tax is levied only on commodities bought by the general public; b) its proportion in the price of many goods is so high that it cannot be a profit from normal operations; c) socialist countries cannot do without taxes of significant size, so the source must be the turnover tax. Answering these arguments, the Soviet economist Alexander Birman points out that the majority of products on which the turnover tax is imposed are consumed by state enterprises and not by the general public and therefore the tax cannot be considered a tax in the ordinary sense of the word, since a state cannot tax itself.

Birman comments further:

Why is the turnover tax paid by power stations and not by coal mines? Because the profitability of the former is much higher than that of the latter. Why is the turnover tax paid by the sugar industry and not by the dairy and meat industry? Because the former is highly profitable, while the latter receives many billions of subsidies from the budget so that the public may buy meat, milk, fruit, vegetables and potatoes at prices much lower than these items cost the state.

The profitability level and nothing else — determines whether or not the turnover tax will be imposed on a particular item

Since the state sells many items at a loss, or with no gain, it is compelled to raise the price of other products by amounts considerably exceeding their production costs

As for the fact that the USSR does without indirect taxes, the "secret" is simple to understand: Enterprises belong to the whole society and, naturally, their accumulations go largely into the public purse. Payments made by enterprises comprise more than 90 per cent of the USSR State Budget revenues.⁵

Before the conclusion of these sections on the material aspects of the standard of living, it is worthwhile drawing attention to an essential difference between capitalism and socialism in the distribution of incomes among members of society. In an earlier chapter we discussed the fact that the spread between salaries of directors and the income of other employees in the United States was on the average six times that of the socialist countries. If we arrange families according to income we find that in the United States the top 20% receive 40% of all income, while the bottom 20% receive only 5% of all income — an income ratio of 8 to 1; in Poland in 1973 the top 20% received 24% of money paid in wages and salaries (there are no incomes from stocks or real estate), while the bottom 20% received 10% of all wages and salaries, a ratio of 2.4 to 1. We thus see that income discrepancies are far less in Poland than in the United States. One should also remember that in the United States only ½% of the population owns 20% of all personal wealth (mostly in real estate and stocks).

In discussing material standards of living, a Soviet publication sums up the situation as follows:

A Soviet citizen knows that his illness will not affect his family's well-being. He will be treated free of charge, whatever the cost to the state. Neither his stay in hospital nor the advice of the most eminent specialist will cost him a kopeck. During his illness he will not be fired from his job (this is prohibited by law) and he will draw sick pay as a right without having had to join some insurance [plan] or other.

With regard to education, we believe that opportunity to study anywhere at all, from a secondary school to Moscow University, should not depend on family income, and that educational institutions should not be divided into ones for the privileged that are exclusive and ac-

cessible only to the few, and others that are accessible to all. Free tuition in all kinds of education is guaranteed.

The concept of "standard of living" is a complex one that must take into consideration not only the present, but also the past and the future. Possible fluctuations in incomes, prices and rates are of the greatest importance. Is one able to feel secure about the future, or is it necessary to be prepared for a "rainy day"? In other words, what lies ahead?

In our country the standard-of-living curve points steadily upwards. With retail prices, rent and other charges being stable, personal incomes have doubled in the past 15 years and continue to increase.

It should also be borne in mind that the statistical average family in Western countries is often an abstraction, not found in real life. How can one average a millionaire and an unemployed worker whose unemployment benefit has ceased, the owner of an expensive villa with a swimming pool and the person who has no home at all? Both contribute to the statistical computation, which conceals vast disparity in their living standards.

At a given stage of its development, society has at its disposal a certain sum of material goods. To date, this sum is greater in the United States, for instance, than in the Soviet Union. This disparity has emerged historically and cannot be ascribed to "imperfections" of socialism. On the contrary, socialism is consistently and quickly narrowing this gap, and, moreover, distributes the wealth at its disposal equitably among its citizens.

Are we content with the level we have achieved? No, this is but the beginning. We aim to produce more in the way of material goods, and we will produce more, more cars too. Our population bought 64,000 cars in 1965 and about a million in 1975. We shall go on developing motor transport, but not to the detriment of

public transport or the environment, or at the risk of being overtaken by an energy crisis. And, of course, we are not going to make a car the gauge of our living standards.⁶

6. Education

Foremost among the nonmaterial aspects of the standard of living is the right to a job in one's own chosen occupation. Although the income derived from a job is part of the material standard of living, the confidence with which one faces the future and the knowledge that the period of time devoted to preparing oneself for an occupation will not be wasted greatly contribute to the happiness of a person's life, a feeling which cannot be measured in material terms. We already have discussed how national planning is used to guarantee full employment. An important aspect of this planning is to ensure that the numbers of persons voluntarily preparing themselves for a given occupation matches the number of positions available.

Therefore education in the socialist countries must be coordinated with the overall national plans for economic and social development. This is not to say that the educational systems are structured around given five-year plans or even given long-term perspective plans. It takes many years to provide an individual with a high-school or college education. The number of years for which this education usually constitutes the basis for the individual's participation in the life of society is still greater. For this reason the educational programs, even in the case of specialized and vocational training, have to be sufficiently stable and general enough to meet the needs of the individual and society for a period extending not only beyond the basic five-year planning cycle, but also beyond the period of the long-term perspective plans.

Socialist countries usually have two principal groups of high schools, general high schools and technical-vocational high schools. Both types of schools can prepare students to qualify for admission to a university. The technical-vocational schools, however, usually allow a student who is not immediately college-bound to acquire specialized training and graduate in less time than a student completing a general high school. Students in a technical-

vocational school with adequate scholastic achievement may remain in school to complete their college entrance requirements.

As a general rule, the number of persons accepted for a given area of specialization is established on the basis of anticipated need within the framework of the national economic plan. In keeping with the spirit of voluntary choice of occupation, various measures are employed to interest young people in one or another direction, for example, through counseling, media publicity, attractive conditions of employment, and higher scholarships in given fields. An ad which appeared in the summer of 1977 in a newspaper in Warsaw announced openings for vocational training in semiconductor technology at a local factory. "Graduates of general high schools!" reads the ad. "Interesting offer: The semiconductor scientific-production center UNIRA-CEMI, one of the largest and most modern enterprises of the capital, is organizing on-the-job practical-science courses in chemical processing and assembly of semiconductor elements. Comfortable conditions of work and study: laboratory atmosphere with full air conditioning, opportunity to become acquainted with modern technology in the field of electronics. The enterprise has a broad and modern base of social services: dining room, buffets, medical clinic, resort vacation centers."⁷

The structure of the educational system differs from country to country. As an example, we can consider the educational system of the German Democratic Republic. The basic education there is provided at 10-year schools called *general polytechnical schools* (average students in one classroom in 1976 was 26). The time distribution by subjects is as follows: social sciences, German, literature and the arts (including music), 41%; mathematics and natural sciences, 30%; foreign languages, 11%; sports, 8%; and polytechnical training, 11%. The polytechnical aspect has no counterpart in the United States. In grades seven to ten, students attend polytechnical training at specially designated factories or farms or at special polytechnical centers once a week. There they attend classes in theory of organization of socialist production (including human relations in production, worker participation in decision-making, functions of trade unions). Two or three hours a week are spent on actual productive work. The polytechnical training program also gives the students an opportunity to experience a wide range of occupations prior to deciding on a career.

On the basis of examinations at the end of the tenth year, the students may either continue for an additional two years in the general polytechnical school or enter a three-year vocational school.

However, there is no tracking, as completion of studies in either direction satisfies the requirements for technical and professional colleges or university admission. About 65% of the vocational-school students attend schools run by large nationally owned enterprises and combines, while the remaining third attend schools operated by local public authorities. All three types of schools have programs to prepare one for taking a nationwide examination in general-education subjects known as the matriculation examination, which is required for admission to colleges and universities. Although the number of vocational-school students passing the matriculation examination increases from year to year, the majority of vocational-school students complete their training after two years of vocational school. A small number of students (less than 10% in the mid-1970s) leave the general polytechnical school after the eighth grade to enter a vocational school at that time. This number is decreasing rapidly.

The school program is intense. For example, foreign-language instruction starts in the third grade. Yet the absence of poverty and decaying cities, the steady improvement in living conditions, the prevalence of a general spirit of optimism about the future, and small class sizes have led to an increase in the promotion rate from 96% in 1963/64 to 98.5% in 1972/73 (with no decline in standards for promotion).

All education, including colleges and universities for full-time students, is tuition free. About 85% of the students receive grants or scholarships (not to be repaid).^{*} Individual grants for superior scholarship can amount to more than half the national average wage. The size of the grant normally depends on need. In general, the ability to attend college is independent of family income. Consequently, in the GDR in 1973 more than 40% of those attending full-time courses were children from families of production workers, 7% from cooperative-farm families, and 24% came from families of office workers.

In case of need, even students at vocational or general polytechnical schools can obtain financial grants. In the USSR, where the vocational schools are usually boarding schools, stipends, as well as free room and board, are general features. Students there also receive payment for useful production work performed in the course of their training.

^{*}This figure varies widely in the socialist countries. In Poland, one out of every two students receive grants or stipends. However, stipends are paid over the full school year, including during school vacations. In the USSR, about 75% of the college students receive stipends.

Socialist countries also make extensive use of evening and correspondence schools. Workers can receive time off with pay to take courses giving them skills not necessarily related to their current employment. The number of hours a week that can be spent in this way and the fraction of the normal pay received are fixed by law. Apart from their regular vacations, working people enrolled in degree programs in Soviet college-level evening and correspondence schools are entitled to 20 to 30 additional fully paid vacation days to allow them to prepare for final examinations; and during their graduating year, they are entitled to 50 to 60 days fully paid in addition to their regular vacations.

In socialist countries in which the traditions of education were not well developed before the transition to socialism, the rising demand for well-educated workers is drawing many working people back to school to complete their education. For example, in Hungary, which still retained aspects of feudalism in the countryside up to the end of World War II, 175,000 persons attended evening or correspondence high schools in 1975, which is almost as many as the 207,000 students attending regular daytime high schools.

The changes in education in Mongolia are most dramatic. Prior to the revolution in 1921, feudal Mongolia's literacy rate was 1%. Today education is compulsory, and the fraction of the population attending school at all levels is 24%, the same as in the United States in 1974. In the USSR, the corresponding percentage is 25% (but 36% if skill-upgrading courses are included).

An interesting difference between the United States and the USSR occurs in higher education. In 1975, there were 4.8 million college students in the USSR, which is about half the number in the United States (junior colleges and community colleges included). On the other hand, the number of Soviet students graduating with the equivalent of a bachelor's degree is three-quarters of the U.S. total. Nevertheless, there can be no doubt that the large number of students in the United States is a very great achievement, a consequence of lengthy and difficult struggles for the funding of higher education, despite the fact that the economy has been unable to make adequate use of the skills and knowledge acquired by these students and despite the social injustices resulting from racist and class-biased policies of financing and admissions. In higher education part of the difference between the United States and the USSR can be attributed to the fact that the more secure conditions of life under socialism make it possible to sustain a more demanding high school curriculum than that found in the average U.S. school, so

that the average Soviet high school graduate is better educated and is more inclined to become an avid reader. In fact, the USSR has already passed the United States in the number of students graduating from high school, whereas in 1965 it graduated only half as many as the United States.

There is still another significant difference on the college level. In the socialist countries the number of college students accepted for any given field of study is correlated with the planned employment in the given field. At their present state of development, none of the socialist countries has introduced a policy of universal college education, although it is bound to be introduced in the future, as repetitious physical and mental labor becomes increasingly automated and the intellectual and creative content of all labor increases. For the present, the stress on college education in the socialist countries is on the development of professional skills needed for rapidly expanding economies. Thus, in 1974 the number of engineering graduates in the USSR was 294,000 or 44% of all degrees granted, as compared to 55,000 (less than one-fifth) in the United States (representing only 6% of all bachelor's degrees granted in 1974). This is a tremendous difference if one keeps in mind the fact that the population of the USSR is only 20% greater than the United States. A similar pattern is found in other socialist countries. Engineers accounted for 33% of all college graduates in Poland (in 1976) and 35% in the GDR (in 1974).

Without minimizing the significance of this difference in the rate of graduating engineers, we should note that part of the difference in numbers is offset by the higher productivity of U.S. engineers as a result of the U.S. lead in computer technology. Nevertheless, this gap is narrowing (the production of computers in the USSR grew 20-fold between 1965 and 1975). It must be stressed that the difference in the rate of turning out engineers, if sustained (and there is every sign that it will be), is bound, in the long term, to have a decisive influence in establishing the technological superiority of the socialist economic system.

Many socialist countries have a multinational character. Invariably, education is available in one's native tongue. Normally, this extends right through the university level, except where the nationality is small in number. For example, in the USSR there are a number of nationalities with populations of several thousand or less. In these cases elementary education through the first several grades is available in the native language. (Most of these languages were only made into written languages after the Revolution.) In the higher grades, after having had adequate instruction in a more

widely used language (usually Russian), the education continues in that language, since the printing of small runs of the wide range of books necessary for a full, well-rounded education and occupational specialization presents a difficult economic problem.

The choice of the language in which a child is to be educated is left to the parents. During a trip to Soviet Uzbekistan in Central Asia in 1974, the author asked a number of children of non-Russian nationality about the language in which they were receiving their primary instruction. About two-thirds replied, "Uzbeki," and the remainder, "Russian." Occasionally a child answered, "Kazakh." The Kazakhs, who have their own Soviet republic, are a large national minority in Uzbekistan and therefore have their own schools there, too.

Soviet universities practice affirmative action in regard to national minorities who were oppressed in the past. Thus, Moscow State University has open admission of Yakuts. Yakutir University, in turn, has open admission for the Chukchis, the Yakuts, who number about 300,000, are the indigenous population of the Yakut Autonomous Socialist Soviet Republic in the Soviet Far North. The Chukchi, numbering about 14,000, inhabit the region bordering on the Bering Strait.

The press in the United States continually reports alleged discrimination against Soviet Jews. There are more Jews attending college in the USSR than in Israel, despite the fact that the Jewish population of the USSR is smaller than that of Israel. The percentage of Jews among Soviet college students is twice as high as the percentage of Jews in the Soviet population as a whole. According to Soviet sources, the USSR has a greater proportion of college graduates per 1,000 Jews than any other country in the world.⁸

7. *Vacations*

In Poland, the GDR, and the USSR, about 20% of the working population annually spend their vacations at resorts operated by the central trade unions or by the trade unions of individual enterprises. These vacations, usually lasting about two weeks, are financed by the enterprises and the unions. The workers themselves pay only a small fraction of the cost. At a resort in the Tatra mountains of Poland where the writer stayed in 1977, workers on

trade-union vacations at full board paid 500 zlotys for two weeks. With the average wage then running about 4,000 zlotys a month, the vacation cost 12% of the average monthly pay. Additional family members paid 1,000 zlotys. The normal charge for others was 3,300 zlotys for the two-week stay. Trade-union sponsored vacations for a typical worker's family would thus run about 25% of normal cost. The same is true for Hungary. Soviet vacationers pay about 30% of the cost. In the GDR, a family with two children may spend a two-week vacation at a trade-union resort at a cost of 200 to 300 marks; the average wage of a family of four was 1,556 marks in 1976. There is also a 33% reduction on travel fare for the trip.

When during the early days of socialism in Poland (in 1953) the author served as shop steward in the engineering department of a Polish electrical factory, part of his duties was to organize the distribution of vacations at trade-union resorts. Places in resorts were allocated in equal numbers to white-collar and blue-collar personnel by the Polish Metalworkers Union which represented the employees of the plant. More white-collar workers wanted places than had been allocated to them, however, while more blue-collar places had been allocated than there were workers who wanted them, even though at that time, too, the vacations were heavily subsidized. As now, it was cheaper to go away on a trade-union vacation than to stay at home. When, as shop steward, I asked the plant trade-union committee to make available to the engineering staff some of the unused blue-collar places, the trade-union secretary replied more or less as follows:

The unused blue-collar places will have to be returned to the Metalworkers Union vacation pool. We have a relatively new working class. The idea of going away on vacation is a cultural experience unknown to most of our blue-collar workers, many of whom come from peasant families. People have to be educated to want to take vacations away from home. It is a question of cultural development. The trade unions have to concern themselves, among other things, with raising the cultural level of their members. And this includes inculcating a desire to spend vacations in a way that will contribute to the health and culture of the individual. If the white-collar workers have reached that level, then they can

help cultivate the same feeling in the other workers. We face this problem in a great many plants. If the white-collar workers can convince more blue-collar workers to exhaust their allocation of vacation places, then the central union will match every additional blue-collar request for a place with an additional white-collar allocation.

Today, a discussion of this nature would be unheard of in Poland, since vacations at resorts are now part of the socialist way of life, and the number of places available can barely keep up with the growing demand for them.

8. *Culture and Sport*

In this and previous chapters we have had many occasions to refer to what may be considered as "cultural activities." The reasons for this is simple. Socialist countries place great stress on mass participation in cultural activities of all sorts and have succeeded in ending the elitist associations of the term. They have been able to do this by eliminating the commodity aspect of culture and by ensuring that budgetary positions for the popularization of cultural activity are provided for in every type of institution: government agencies, enterprises, trade unions, educational establishments, and public organizations. It is not surprising, therefore, that *New York Times* correspondent Anthony Lewis could write after his visit to Tallinn, a city of 400,000 and capital of Soviet Estonia: "The cultural activity in Tallinn is staggering by our standards."⁹

In the USSR the annual attendance at theater and concert performances is equal to the population of the country, while in the United States the Ford Foundation estimates that only 3.5% of our population have ever attended a live professional theater performance. In the USSR one-tenth of the population are actual participants in the performing arts in amateur groups. When the Soviet film director Eisenstein was asked to evaluate the impact of the October 1917 Revolution on him he replied: "'I' turned into 'We,' and in this 'We' there was a place for 'Me.'"

The USSR has more than 134,000 clubhouses and palaces of culture, 1,144 museums, 360,000 libraries, 547 drama and music

theaters performing in 42 languages — 25 in Uzbekistan, 24 in Kazakhstan, eight in Moldavia — all Soviet republics which before the Revolution had no national theatrical art or theaters proper.

One-third of the working-class families in the GDR have book collections at home containing between 30 and 100 books. About 15% possess more than 100 books. Museums in the GDR record 30 million visits annually, which is an impressive figure for a country with a population of 17 million. Many small towns have opened art galleries with items on display available for purchase, because a growing number of people have the desire to decorate their homes with paintings and other works of art.

Particularly characteristic is the importance the socialist countries attach to the role of trade unions in the organization and popularization of cultural activities. The unions are not expected to finance these activities solely out of their own treasuries, but administer funds allocated for these purposes by the national and local governmental bodies and various enterprises and institutions. Thus the trade unions in Poland in 1976 operated 600 houses of culture (something like community centers with facilities for a variety of cultural activities), 13,000 clubrooms and large halls, 600 movie theaters, and 10,000 libraries (trade-union membership is about 12 million).

Our discussion would be missing an essential element if we failed to consider the scope of the cultural offerings available to the peoples of the socialist countries.

During a typical day in Warsaw in the summer of 1977, filmgoers had a choice of films from the following countries at regular movie theaters:¹⁰

Poland	29	Rumania	2
France	9	Italy	2
USSR	7	German Democratic Republic	2
United States	7	Czechoslovakia	2
Yugoslavia	4	Federal Republic of Germany	1
Great Britain	3	Finland	1
Japan	3	Denmark	1
Bulgaria	2		

Thus, Polish filmgoers could see 27 films from eight capitalist countries. Similarly, during a typical week in Moscow, Soviet foreign film buffs had a choice of 39 films from ten capitalist countries (at regular theaters and cinema clubs).¹¹ By contrast, for a typical week in 1977, *The New Yorker* magazine listed only one film from a socialist country (Poland) at a regular movie theater and six feature films (all from the USSR) at revival houses, film libraries, etc., in New York City.¹²

The Metropol Theater in Berlin, GDR, is a repertory stage theater specializing in operettas and musicals. Apart from such classics as Strauss' *Gypsy Baron* and Offenbach's *Orpheus in Hades*, in 1977 The Metropol offered well-known U.S. musicals such as *Showboat*, *Sweet Charity*, and *Cabaret*. Box-office prices range from \$0.65 to \$5. High school students can buy tickets for as little as \$0.22.

The editor of the Soviet magazine *Inostrannaya Literatura* (Foreign Literature), Nikolai Federenko, has pointed out that the USSR publishes six times more books by U.S., French, West German, and British authors than the number of books by Soviet and prerevolutionary Russian authors published in these capitalist countries. "Only 450 books by Soviet authors were translated in the USA between 1946 and 1972," Federenko said. "In contrast, we translated 6,305 books by American authors in the same period." Among U.S. authors published recently in the USSR are Saul Bellow, Kurt Vonnegut, Isaac Asimov, Ray Bradbury, N. Scott Momaday, Jacqueline Suzanne, and Arthur Haily. Federenko complained that even when a modern Soviet author succeeds in getting published in the West it is in a very small edition, rarely more than 5,000 copies. "For comparison's sake, the average edition in our *Masters of Contemporary Prose* series published by Progress Publishers in Moscow is 100,000 copies."¹³

The elimination of culture as a commodity is particularly evident in radio and television. The best films are shown shortly after being released and without commercials. There are no blackouts on local sports events. Direct transmissions from concert and opera houses and the best theater performances are available to television viewers. The radio and television networks are financed by obligatory monthly payments made by owners of radio and television sets. For example, the radio and television payment in Poland is 40 zlotys a month (about \$1.20). Viewers in the United States also end up paying for TV, but much more. In 1974 expenditures on U.S. television advertising totaled 2.26 billion dollars. If one assumes that these costs were reflected in the prices of

the advertised products, then the average U.S. household was paying \$2.70 a month indirectly for the opportunity of viewing television.

In socialist countries there are no private individuals or organizations who make a profit out of sports. Apart from professionally trained specialists in physical education and coaches, all athletes have their own profession or vocation (except for students) from which they earn their livelihood. During training periods and major competitions, the athletes draw their regular wages and salaries. Meals, lodging, and transportation are provided for trips away from home.

Each country has networks of mass sports organizations organized on a national scale, regionally, or by enterprise and school. In the German Democratic Republic, the Gymnastics and Sports Federation has 8,000 sports clubs subdivided into 35,000 sections. Its membership amounts to 16% of the total population. In Hungary, 11% of the population belong to sports clubs, in Mongolia, 8%, and in the USSR, 20%. Annual membership fees (50 cents for adults in the USSR, \$2.50 in the GDR) entitle one to use club sports facilities and equipment without additional payment.

In this chapter we have not discussed a great many areas of general interest, for example, the health service, the approach to problems of aging, development of scientific institutions, and environmental protection, although we have touched on them briefly in other chapters, and will do so in some of the remaining chapters. We have concentrated on a limited number of subjects in order to allow some depth of coverage to illustrate the underlying approaches to questions of social welfare. The readers will find, through their own independent investigation, that these approaches are applied in the same spirit in the areas we have not been able to discuss in more detail.

Chapter 6

GOVERNMENTAL SYSTEMS

1. *Philosophy of Government*

In Marxist theory, there are two principal functions of government: The first and most important is the maintenance of the relations of production (in particular, the property relations) and, secondly, the administration of things. It is not that Marxists have assigned governments these tasks, but that these social functions arise from the material conditions of social life. As a prelude to understanding these functions under socialism, let us look at them under capitalism.

Two fundamental concepts in any capitalist society are *private property* and the *contract*. The workers, having no means of production at their disposal (other than a few simple tools), enter into a contractual relationship with their employers and place at the disposal of the latter their ability to perform labor. In exchange for wages, they relinquish any right to the products produced by their labor, these products now being the private property of their employers. Thus, in the United States, any attempt by workers to retain control over the products of their labor would be considered

deprivation of property without due process of law, and the full force of the state — the courts, and even the national guard — can be, and indeed has been, used to restrain workers from unlawful seizure of the private property of their employers.

In capitalist societies, there are also fairly clear limitations on the nature of private property which the state will recognize. For example, even though the U.S. Constitution, when first adopted, recognized slavery, it prohibited the enslavement of free persons, that is, the conversion of a free person into private property.

The many diverse and often conflicting interests among the propertyholders in a capitalist society, especially during its earlier, more competitive stages, give rise to the demand for equal treatment of the property rights of all capitalists, big and small, in matters of law and for protections against the arbitrariness of the state. In the United States, the demand for freedom of speech, assembly, and the press, and even religion insofar as it was associated with the emerging bourgeois class, was an important part of the struggle against the restrictions placed by the British Crown on the independent economic development of the North American colonies. After the American Revolution, the smaller property owners demanded these rights, since they needed to protect themselves against the use of the state to further the interests of economically powerful property owners at the expense of the others (big or small). One can view the role of the big-business oriented *Washington Post* in exposing Watergate as an expression of this function of freedom of the press even today, that is, to prevent the state from being used for the benefit of only certain segments of big capital.

The association of these freedoms with the protection of property rights and property transactions becomes quite evident when one recalls that at the time the U.S. Constitution was adopted, the right to vote was restricted largely to propertyholders, so that out of a population of 3 million, not more than 120,000 could vote.¹ The denial of the right to vote to women can be seen as an extension of this association with property, since it was the husbands who controlled the family property.

What is said above does not imply that the unpropertied classes had no interest in such rights. In fact, at all times, it was clearly in the interest of the largely propertyless working class (propertyless in the sense of not owning their own means of production) that the right to engage in political and trade-union struggles be extended to them, and they did indeed fight to extend these rights.

In arriving at a governmental structure appropriate to a social-

ist society, the Marxist view that the primary historical social function of the state is the enforcing of given property relations of production is clearly reflected in the constitutions of all the socialist countries. Unlike the constitutions of capitalist countries, which are considered to embody principles valid for all time and intended for amendment only on very rare occasions, socialist constitutions are drafted with the view that they reflect only the current stage of property relations and social practice and are to be replaced periodically by new ones. Therefore socialist constitutions are essentially summaries of given stages of social development.

Now that we have already considered broad areas of economic, political, social, and cultural life, we are in a better position to understand the socialist constitutions and the principles of government they embrace.

Among the most important articles of the constitution adopted by the USSR in 1977 are those which define the property relations in Soviet society. Thus Chapter 2, Article 10 states:

The foundation of the economic system of the USSR is socialist ownership of the means of production in the form of state property (belonging to all the people), and collective-farm and cooperative property.

Socialist ownership also embraces the property of trade unions and other public organizations which they require to carry out their purposes under their rules.

No one has the right to use socialist property for personal gain or other selfish ends.

The next article defines state property as "the common property of the Soviet people" and establishes as state property: land, minerals, waters, forests, basic means of production in industry, construction and agriculture (except for collective-farm and cooperative property), means of transport and communication, banks, property of state-run trade organizations, public utilities, and most urban housing.

We then come upon a rather unusual statement underscoring the transitional nature of cooperative property as socialist society develops toward the higher stage of communism:

The state promotes development of collective farm and cooperative property and its approach to state property*

The constitution then distinguishes socialist property from personal property, first by defining the social basis of personal property as the earned income of Soviet citizens and then by identifying its various forms as "articles of everyday use, personal consumption, and convenience, implements and other objects of a small holding, a house, and earned savings." The right of inheritance of personal property is also ensured. Finally, the use of any property as a means of deriving unearned income is prohibited, thus barring any capitalist relations of production (that is, hired labor by private persons).

On the other hand, the Chinese constitution of 1975 recognizes another form of ownership of the means of production, apart from socialist (owned by the whole people) and collective (cooperative) forms, since a certain amount of nonagricultural self-employed labor involving no exploitation (hired labor) is permitted.

The Polish constitution, while declaring the basis of the country's socioeconomic structure to be socialist, still permits private ownership of the land. There is also no constitutional prohibition on the use of hired labor, but in practice it is sharply curtailed by law. In some specialized areas, privately owned enterprises employing no more than 50 persons are permitted. As was pointed out earlier, the private sector in Poland in 1976 accounted for 1.5% of the country's industrial production.

The obligation of the state to pursue the social goals described in the preceding chapters is written into socialist constitutions as rights of the people expressed in the form of the right to work; equality of sexes; rights to rest and leisure, education, maintenance in old age, sickness or disability; enjoyment of cultural benefits;

*The English translation is taken from the Soviet weekly *New Times* (No. 41, 1977). The term *approach* is closer in meaning to the original Russian expression than the term *approximation* used in *New Times*. What is being reflected here is the process by which collective-farm property is being merged with state property by means of joint investments in the production amalgamations (see Sections 3.4 and 3.5). The means of production used by the collective farmers then have dual character: that of collective-farm property and that of property of the people as a whole. With the state investment growing more rapidly, the relative role of the collectively owned property will diminish.

and the like. For example, the Soviet constitution obligates the state to ensure full employment in the following words:

Citizens of the USSR have the right to work (that is, to guaranteed employment and pay in accordance with the quantity and quality of their work, and not below the state-established minimum) including the right to choose their trade or profession, type of job and work in accordance with their inclinations, abilities, training, and education, with due account of the needs of the society.

The rights of citizens are usually spelled out along with the means of ensuring the utilization of these rights. For example, socialist countries ensure national minorities the right to preserve their national cultures. Without the possibility of being educated in their native languages, this right would be meaningless for national minorities. Thus the Albanian constitution of 1976 states:

Protection and development of their people's culture and traditions, the use of their mother tongue and teaching of it in school, equal development in all fields of social life are guaranteed for national minorities.

Some of the most impressive achievements of the socialist countries have been made in bringing the standards of living of national minorities to equality or near equality with that of the other nationalities.

2. Civil Liberties

In Section 2.4 we discussed the question of socialism and democracy and pointed out that the terms *democracy* and *freedom* cannot be examined outside of the social context in which they are used. As with most bourgeois democracies, socialist countries, too, have constitutional guarantees for the exercise of freedom of speech, press, assembly, privacy of communications, the right to vote, etc.

In the United States, the history of the exercise of these rights has been quite uneven. We are going through a period of public exposure of massive violations of the civil liberties of millions of U.S. citizens. Even with all these exposures, the U.S. government maintains that it has the right to selectively deny these rights to Communists and others simply on the so-called grounds of national security. Thus the CIA has refused to provide the author with information concerning its unlawful opening of his first-class mail when requested to do so under the Freedom of Information Act and has withheld almost the entire contents of its file on him simply by citing the Catch-22 of the Act — national security.

While the U.S. government ostensibly does not have media-censorship regulations, the corporate managers of the media have developed their own censorship techniques. One U.S. television-show producer described it in these words:

Producers have adapted themselves to the place they work. They impose self censorship on themselves to get approval of the management. Starting from your employment interview all the way up or down the ladder, you learn to play by management's rules, so that by the time someone becomes a producer he's been politically sanitized. It's all done with innuendos, suggestions. You can tell whether you're projecting management's policies by how much of what you're doing gets aired, how often you're called to produce something and what the subject is, how desirable an assignment you're given. After a while you get to know what will be approved. You've been sanitized.²

It is true that in the United States everyone has a theoretically equal right to publish a newspaper. But only a procapitalist editorial viewpoint will bring in the supermarket and department-store advertisements necessary to attract a mass readership. Under conditions of capitalism, such equal rights in practice deprive the vast majority of the population of a press which reflects its interests, and results in the domination of the newspaper field by corporate interests representing a bare fraction of the population.

Socialist countries give freedom of speech, press, and assembly meaning by ensuring various segments of the population the

material means for their utilization. Article 83 of the Polish constitution reads:

1. The People's Republic of Poland ensures its citizens the freedom of speech, press, assembly and meetings, processions and demonstrations.
2. The implementation of these freedoms are served by turning over to the working people and their organizations publishing facilities, stocks of paper, public buildings and halls, means of communication, radio and other necessary material means.

Similarly, Article 52 of the Cuban constitution states:

Citizens have freedom of speech and of the press, in keeping with the objectives of socialist society. Material conditions for the exercise of that right are provided by the fact that the press, radio, television and other organs of the mass media are state or social [i.e., public — E.M.] property and can never be private property. This assures their use at the exclusive service of the working people and in the interests of society.

The law regulates the exercise of these freedoms.

In this article, one sees the socialist concepts of freedom presented not as abstractions but in a social context. Given the present internal and external conditions, where the governments of the Western powers place their economic, political and military power behind every attempt to destabilize and overthrow socialist governments, the socialist countries do not tolerate open or covert activity which is likely to open the door to the restoration of capitalism.

The recent history of the Western Hemisphere should serve to demonstrate that this concern by the socialist countries is no fantasy. We have witnessed repeated and mostly successful attempts by the U.S. government to overthrow one government after another in this region since the end of World War II, governments

which were not in most cases led by Marxists, but which were merely pursuing policies unfavorable to U.S. investments. Apart from the well-known examples of the unsuccessful Bay of Pigs (Cuba) invasion and the successful coup in Chile, the U.S. government was instrumental in overthrowing the governments of Guatamala, Bolivia, Brazil, Guyana, Dominican Republic, and Uruguay. At this writing, the U.S. government is pressuring or actively destabilizing the governments of Jamaica, Peru, Ecuador, and Panama, and is responsible for the maintenance of despotic regimes in Haiti, Paraguay, Nicaragua, as well as colonial rule in Puerto Rico and the Virgin Islands.

The Western powers know that direct military intervention in the socialist countries is now out of the question. There has not been any sign, however, of any relaxation at efforts toward internal subversion. Radio Free Europe and Radio Liberty, although now openly funded by the CIA, still pretend to their listeners in Eastern Europe that they are domestic radio stations forced into emigration by politically repressive regimes. For example, the Polish-language programs of Radio Free Europe play the same traditional noon-hour bugle call that is used by all radio stations in Poland — this is one of the ways of posing as an internal resistance movement against communism. Thus, while placing vast resources at the disposal of public organizations for discussions, debates, exchanges of opinion, criticisms on a far broader scale than found in the United States, the socialist countries will not, however, allow these resources to be used to put the national wealth back into private hands, or, which would be more likely, into the hands of the multinational conglomerates of the capitalist countries.

In the United States itself, we have a long-standing tradition of not tolerating the restoration (or advocacy) of precapitalist relations of production and the political forms associated with them. For example, Minnesota cannot establish a nobility or a monarchy even if the overwhelming majority of its inhabitants so desired. There would be no public tolerance, nor freedom of speech, for a movement to restore slavery or indentured servitude. Although the majority of people in the United States may not yet reject the use of wage labor in the way they do slavery, the peoples of the socialist countries have little tolerance for a system of wage slavery that would deprive them of the ownership of the products of their labor.

In all socialist countries one can find some people who are disaffected with the general course of social development. By and large these are persons whose class backgrounds lead them to aspire to operate small businesses or to engage in other forms of "private

initiative." Others constitute a small group coming from intellectual circles. Unlike the vast majority of intellectuals, who are dedicated to the socialist system and are actively engaged in the process of social transformation, these disaffected elements look with envy upon the elitism and the privileges still enjoyed by many of their counterparts in the developed capitalist countries and with whom they feel a greater community of interest than with their own people. Maintaining their distance from the working class and an indifference to their needs, some, like Solzhenitsyn and Bukovsky, are openly hostile to socialism and all that is associated with it. Others declare that they are not hostile to the socialist relations of production, but merely want them modified to make socialism less rigid and more flexible. Thus if the nonconvertibility of socialist currencies or international tensions interfere with their ability to travel freely to the West, then they, like Zhores Medvedev,³ urge convertibility of the currencies or foreign policies which they hope will not irritate Washington and Bonn. One is reminded of the plea of Soviet "dissident" Sakharov for understanding of the difficult situation faced by Washington during its intervention in Vietnam.

The size of the active group of dissidents is blown out of proportion by the Western press, which fawns endlessly on them for purposes of anti-Communist propaganda. If one were really dealing with a dissident group that was struggling for democratic rights, then it is indeed strange that in not a single socialist country have representatives of the working class been included among the very sparse ranks of the so-called dissidents.

The opportunities for mass involvement in political decision-making in socialist countries is illustrated by the discussion around the new Soviet constitution. The proposed text was put out in May, 1977, for public discussion and was published in full in all newspapers. The discussion lasted four months and over 140 million persons, that is, more than 80% of the adult population, attended meetings at which it was discussed. In addition, public comments were aired on radio and television and printed in newspapers and magazines. Altogether 400,000 proposals for amendments were made. These were sorted by category and summarized so that each proposal would, in the end, be considered by the Constitutional Commission. As a result of this four-month discussion, changes were made in 110 of the 173 articles in the proposed constitution and one additional article was added. The additional article was the result of thousands of proposals to spell out more clearly the functions and rights of work collectives. The new article reads in part:

Work collectives take part in discussing and deciding state and public affairs, in planning production and social development, in training and placing personnel, and in discussing and deciding matters pertaining to the management of enterprises and institutions, the improvement of working and living conditions, and the use of funds allocated both for developing production and for social and cultural purposes and financial incentives.

3. Religion and the State

With the exception of Albania, all socialist constitutions provide for freedom of religion. There is full separation between church and state. People are not impeded in their right to worship. In fact, in many socialist countries (for example, Poland, Vietnam, the German Democratic Republic), religious organizations have direct representation in parliament. In 1977, the author stayed in a hotel in East Berlin which was operated by the Christian Union; every room had its Bible. In the USSR, where there had been close identity of the church with the czarist regime, religious influences waned rapidly, and today it is mostly the very elderly who attend church. There are, nevertheless, over 20,000 churches, synagogues, mosques, temples, convents, and monasteries functioning in the USSR. In Poland, an extensive program of church construction (financed by private contributions) got underway in the 1970s.

Religious beliefs are discouraged among Party members in some countries, while in others, such as Poland, the Party sees no conflict between Party membership and church affiliation. In school curricula, however, stress is placed on the intrinsically atheistic content of a scientific outlook.

4. *Governmental Structure*

The highest organs of state power in the socialist countries are representative bodies generally elected by geographical district according to population. Although they are commonly referred to as parliaments, they are not merely legislative bodies, but have the responsibility of overseeing all levels of government, judicial bodies, economic organizations, education, and social-welfare programs. In some multinational states (the USSR and Czechoslovakia), there is a second chamber with equal standing in which the principal nationalities have equal representation. In Yugoslavia, the two chambers have different areas of competency in addition to having equal voice in some matters.

The majority of the deputies in most socialist countries are workers and peasants (in background or actual occupation), for example, 59% in the German Democratic Republic, 56% in Mongolia (workers, peasants, or herdsman), and 51% in the USSR. Women typically make up about 25-35% of the deputies (see Table 7-3, page 177). Although representatives of the Communist Parties constitute the largest single bloc of deputies, they do not even always constitute a majority, for example, 25% in the German Democratic Republic (see Table 1-3, page 29). In the USSR, 28% of the deputies elected in 1974 were non-Party.

The fact that the members of representative bodies are not all Party members, but run on programs adopted by the various national fronts in which the Communist Party is the leading force, does not reduce the parliaments to the role of rubber-stamping Party decisions. As the socialist systems consolidate themselves and more and more people acquire experience in administrative and executive functions, increasing responsibility for the drafting, implementing, and overseeing of state policies is shifted to representative organs on all levels (national, regional, and local). The frequency of parliamentary sessions is increasing, as is the length of sessions and the time spent in committee meetings. The major directions of social and economic development adopted by the Party are increasingly taking on the character of guidelines, and the detailed elaboration of these policies are becoming the responsibility of the governmental bodies and public organizations.

As an example of the way major legislation comes into being, we can take the Youth Act of 1974 in the German Democratic Republic, an act which codified practices in broad areas of concern to young people between the ages of 14 and 25 — education, job

training, sports, etc. A recommendation for a new youth bill was adopted by the Central Committee of the Party in October, 1972. The bill itself was drawn up jointly by the Central Council of the Free German Youth (FDJ — the national mass youth organization), the Council of Ministers (see below), the Confederation of Free German Trade Unions, the German Gymnastics and Sports Federation, and other organizations. It was accepted by the FDJ Central Council in June, 1973, for public discussion and submission to parliament. (In socialist countries, public organizations have the right to initiate and sponsor bills in parliament.) A total of 5.4 million people took part in meetings at which the proposed legislation was discussed and 4,821 proposals were made for changes, resulting in 200 revisions of the act when it was finally passed in 1974 after six months of public discussion.⁴

With some variation, the parliaments designate an administrative-executive body called the *Council of Ministers*. These consist of a chairman, or premier, several deputy chairmen, and the heads of all the ministries. The Councils of Ministers are responsible to the parliament that chose or confirmed them.

The various territorial subdivisions have their own representative bodies often called *People's Councils*. In large cities, it is not unusual for individual districts to have their own People's Councils.

In Section 2.4 we discussed how the role played by the Communist Parties extends far beyond the political process. With the elimination of exploitative class relationships, the political process is no longer characterized by a struggle between antagonistic classes or competing strata among such classes. Even when there are several parties, the parties are not competing for state power, but represent specific classes and social groups such as peasants, artisans, and the like. Although differences of interest exist, they are usually resolved by seeking a consensus and not by manipulation of votes. For this reason, the electoral systems have an entirely different character than that of capitalist countries. First of all, in all socialist countries the right to nominate candidates is extended to mass organizations such as trade unions, youth and women's organizations, and other public groups. Candidates may be nominated at meetings held in individual enterprises or at community meetings attended by the general public or at meetings attended by representatives of the various enterprises and organizations within a district. In some countries a choice is made among the persons initially nominated, so that in the end there is only one candidate for each position (e.g., the USSR), while in others a choice has to be made

from among several candidates (e.g., Hungary, GDR, Vietnam, Poland, Rumania, Yugoslavia and Cuba).

In Hungary, any inhabitant of an electoral district can attend the nominating meetings and nominate any person as a candidate. Every nominee supporting the program of the Popular Front (similar to the National Unity Front in Poland, described in Section 2.2) who wins one-third of the votes by a show of hands is included on the final election ballot. It is not unusual for the names of two or three candidates to appear.⁵

In Cuba, municipal assemblies are elected from constituencies divided into two to eight precincts. Each precinct nominates one candidate by majority vote. When Party members nominate candidates, they do so in their own names, not in the name of the Party, which itself does not put up candidates. A voter nominating a candidate then describes the candidate's life, work, and service, after which a vote is taken. Usually there are about six or seven nominees, and the one eventually obtaining more than half the vote becomes the candidate of the precinct. During the campaign, photographs and biographies of the candidates are widely displayed. No candidate is allowed to campaign against the others and no election promises can be made. Candidates simply run on their records. Since there are two to eight precincts in each constituency, there are two to eight candidates on the ballot. If no candidate gets a clear majority, there is a run-off between the leading two. The principle behind this system is to base popular representation on people who have already proven themselves by their accomplishments.

Cuba moved very slowly toward the institutionalizing of its state system. The first elections under the new system (which were the first since the victory of the revolution in 1959) were held in 1976. More than 95% of those eligible (persons aged 16 or over) voted. The municipal assemblies, in turn, elected members of the National Assembly (the Cuban parliament).⁶

Yugoslavia has a three-chamber system of local government. The basic geographical administrative unit is the *commune*. The communal assembly consists of: the *chamber of associated labor*, elected at enterprises and other economic units; the *chamber of local communities*, elected by residents of communities; and the *social-political chamber*, elected by public and political organizations — League of Communists (the Party), Social Alliance of Working People of Yugoslavia (the national unity front), Trade-Union Confederation, Youth League, Federation of Liberation-War Veterans, and others. This three-way delegational system is maintained up through the republican and federal parliaments. For

example, each of the two federal chambers has representatives chosen directly from these constituencies.

In all socialist countries, the voters have the right of recall. In the USSR, over 4,000 deputies to local Soviets (the term *soviet* means council in Russian) and eleven deputies to the Supreme Soviet (parliament) were recalled during the period 1967-77.⁷

Persons elected to representative bodies do not draw salaries as government officials, but receive their average pay from their places of work during the time they are absent from work in connection with their official duties.

The socialist countries involve large numbers of people in all levels of representative government. In the USSR, 2.2 million persons, about one percent of the population, hold elective public office. Two-thirds are workers or collective farmers. A total of 30 million people take part in activities organized by the Soviets. In the German Democratic Republic, every fourth person does voluntary work on one or another public body. So impressive is the mass participation in governmental activities, that even the detractors of the socialist systems acknowledge this when they claim it is all a trick to make the people think they are governing themselves.

The effectiveness of public debate is quite evident in broad areas of life in socialist countries. One issue that attracted wide interest around the world was the campaign to prevent the pollution of Lake Baikal in Siberia, the largest fresh-water lake in the world. A leading Soviet specialist on the ecology of fresh-water lakes and ponds first raised the question on the national level by sending in an article to the national youth daily newspaper, *Komsomolskaya pravda*, in which he warned that the construction of two cellulose mills in the Lake Baikal basin threatened to disrupt the delicate ecological balance of the lake.⁸ When the construction continued, a stinging attack was published in the leading literary weekly, *Literaturnaya gazeta* and continued in other journals. A broad coalition of conservationists, scientists, writers, and other intellectuals emerged to work with the Ministry of Land Reclamation and Water Resources, the Hydrometeorological Service, and the Ministry of Public Health for the lake's protection. In the course of the campaign, a letter signed by over 30 well-known scientists, writers, and artists, including several members of the USSR Academy of Sciences, appeared in the youth daily demanding that steps be taken to stop the pollution of the lake. The Soviet government initiated a number of steps in this direction and banned pollution-prone industries from the entire water basin, though the cellulose mills were allowed to continue under the provision that proper treatment be

given to their waste. In the mid-1970s, Pete Seeger brought back to the United States a vial of Lake Baikal water which was tested and declared to be free from any sign of pollution.

The socialist countries provide a wide variety of channels for social criticism. Apart from discussions in various public organizations, the press and other forms of media are not only widely used, but are required by law to devote space and time to airing public criticism on various matters. In the USSR newspapers receive millions of letters annually in which citizens express their views or criticize the performance of public institutions. Not only do complaints come in by letter, but the newspapers usually have facilities set aside to receive people wishing to discuss matters in person.

Laws provide for a triangular relationship between the critic, the press, and the target of criticism. Any public official or institution must answer the critic in the same press organ that published the criticism. Complaints are far more numerous than can reasonably be published or broadcast, so all criticisms are forwarded to the appropriate authority, which, in turn, must reply to the critic through the medium that was first contacted, within a given time limit. Letters sent directly to any agency by any citizen or organization must also be answered within a given time limit.

It is also common practice in the socialist countries for the heads of all state institutions, including ministries, to set aside special reception hours for the public. The author, during his 12-year residence in Poland (1951-63), made use of this right on several occasions. On two occasions, when ministries were visited, it turned out that the ministers themselves were not available, but in both cases conferences were held with the heads of the ministers' staffs and satisfactory results were achieved.

According to Marxist theory, the state, as an instrument of enforcement of property relations, will wither away as the productive capacity develops to a level where people's needs can be fully satisfied and money will no longer be needed to regulate distribution and consumption of products and services. One could speculate that it would take something like another thirty to fifty years for the socialist countries to reach that level of economic development and to adjust culturally to the new situation. We have already been encountering measures which increase the democratization of daily life through the broader involvement of the public in various aspects of social administration. These measures are greatly facilitated by the rapidly rising educational and cultural level of the population, and one may anticipate a much more rapid development in the coming years. Let us now turn our attention to steps in this di-

rection that have been taken in the area of law enforcement.

Court cases are normally heard by a team consisting of a judge and *people's assessors*, all of whom are elected for fixed terms. The judges have formal legal training, but the assessors are ordinary working people elected at factory, office, or community meetings by their fellow citizens. The assessors have a role somewhat akin to jurors in U.S. courts, except for the fact that they are elected and that each assessor has equal rights with the judge. There are usually two people's assessors and one judge. In the administration of justice, particular attention is paid to ensuring sensitivity to special problems faced by individual groups in the population, and the people's assessors are chosen from various sections of the population. From 30% to 50% of the people's assessors are women. In Vietnam, when parties to a dispute belong to different ethnic groups, the people's court may be composed of up to five or seven judges and assessors to ensure ethnic balance, the assessors still being more numerous. In the highlands, most of the assessors belong to ethnic minorities. The Vietnamese also grant religious communities the right to elect people's assessors.

Persons sentenced to deprivation of liberty by district courts receive, on release, full pay at the prevailing national rates for the work they performed.

Socialist countries also make use of what are called *collegial courts* (or *comrade courts*) at work places. Many minor offenses such as shoplifting and breaches of public order do not come to trial in district courts, but are placed under the jurisdiction of these collegial courts, which have no power to impose jail terms, but can impose "sentences" of a moral nature, such as public reprimand, behavior supervision, abstinence from drinking for some period, and the like. The scope of collegial courts is fixed by law and their decisions are subject to review, for compatibility with the law, by the equivalent of a county or district attorney. In some cases, collegial courts have the right to impose small fines.

Another distinct practice in socialist countries is the use of volunteers to patrol public order in parks, at theaters, squares, or sports events. There are eight million such volunteers in the USSR. They wear red arm bands, carry no weapons, have no power to arrest, but can take offenders to the militia (police). On occasion they will walk a "beat" with a uniformed militiaman.

In the United States, the General Accounting Office has the responsibility for monitoring the use of government funds. In the socialist countries, where state property is the main form of property, such a centralized agency would have gigantic proportions. In-

stead, national organs called *people's control committees* head a vast complex of committees organized on all levels of political and economic life. Members of the local people's control committees are otherwise normally employed and serve without pay. They are elected in places of work and in communities. The people's control committees carry out periodic inspections of enterprise and government-institution account books and inventories, without prior warning if the situation warrants it. People's controllers not only check for misuse or mismanagement of public property, but they also check on the prices charged consumers for goods and services. Another task of the controllers is to monitor the implementation of legislation and other government decisions. The USSR has over 7 million controllers, the German Democratic Republic has 170,000; in Rumania, over 60,000 control the marketing, medical, cultural, and other public services.

Embezzlement of state property and other abuses of public trust by persons in positions of responsibility is generally regarded as the most serious of crimes in socialist countries. Crimes involving threats of bodily harm are much less frequent than in the United States, so that there is no fear of walking alone late at night in streets or parks in any socialist city. All socialist countries are free of organized criminal syndicates or narcotics rings. These are very substantial and universal achievements of socialism and are additional evidence that socialism is capable of creating a society in which human relations will be based entirely on mutual cooperation and assistance.

A good summary of the socialist political system is offered in the Soviet constitution:

The principal direction in the development of the political system of Soviet society is the extension of socialist democracy, namely ever broader participation of citizens in managing the affairs of society and the state, continuous improvement of the machinery of state, heightening of the activity of public organizations, strengthening of the system of people's control, consolidation of the legal foundations of the functioning of the state and of public life, greater openness and publicity, and constant responsiveness to public opinion.

Chapter Seven

WOMEN IN SOCIALIST SOCIETY¹

1. The Dialectics of Ending the Oppression of Women

"In the course of two years of Soviet power in one of the most backward countries of Europe more has been done to emancipate woman, to make her the equal of the 'strong' sex, than has been done during the past 130 years by all the advanced, enlightened, 'democratic' republics of the world taken together." With these words, Lenin in 1919 summed up the progress made by the first socialist country in the world toward ending one of the most persistent forms of human oppression.²

On the very first day after the 1917 socialist revolution in Russia peasant women were accorded equal rights with men in obtaining land. Within weeks women were assured equal pay for equal work and equal rights in marriage and in the family. Perhaps the most vivid example of the changes that have taken place in the life of women is provided by the Central Asian region of the USSR. In prerevolutionary Russia the women of this region were among the most oppressed women of the world. They were bought and sold like chattels, married off at the age of 10-14. The slightest act of disobedience to husbands was met with savage cruelty. Even after death, the woman had to be lower than her husband — her

grave was required to be dug deeper than that of her spouse. Less than one woman out of a thousand was literate. The women were so heavily veiled that even their eyes were hidden. Their national dress included two sleeves sewn together behind their backs as a symbol of their subjugation to God and husband. Their liberation did not come easily. Hundreds were killed savagely in the 1920s during the campaign to throw off the veil, many by being thrown off the roofs of buildings. Uzbekistan's leading playwright, Chamza, was murdered by a religious fanatic as late as 1929 because he allowed women to appear on the stage. Today women constitute 42% of the Uzbek labor force, more than 45% of the elected officials and more than 33% of the PhDs.

In all socialist countries we have witnessed a rapid transformation of the social status of women, a transformation that is directly related to the large-scale involvement of women in productive labor. As a rule, women constitute 40% to 50% of the labor force (see Table 7-1, pages 164-165), although in countries which adopted the socialist system more recently, such as Cuba, the figure is considerably lower (26% in 1975). The participation of women in the labor force of the developed capitalist countries is, on the average, lower than in the socialist countries. In the United States women were 40% of the labor force in 1975, while in the Common Market countries they made up between 30% (Italy) and 47% (France) of the labor force in 1973. The average for the entire Common Market was 37%.

To understand the significance of the involvement of women in the labor force, we should distinguish between the social roles of productive labor outside the home and that of housework and child care. The lower social status and oppression of women under capitalism and precapitalist class societies can partly be related to this difference. Work around the home and family requires physical and mental effort just as does work in the factory, office, or field. But the results of the work around family and home are consumed within the family unit, while only a part of the results of wage labor under capitalism are consumed by the workers and their families (after exchange of wages for goods and services). Another part, which Marx called the *surplus product*, is appropriated by the employer and constitutes capitalist profit. For the capitalist entrepreneur, it is only that kind of labor which gives rise to a surplus product that counts. During the early period of capitalism male workers made up almost the entire labor force. The freer the male worker was from household responsibilities, the greater would be the time and effort available for the creation of profit by the

worker for the capitalist who employed him. Thus the maintenance of the unequal status of women, even in the family household, was in the interest of the ruling class, and, as a result, male supremacist attitudes toward women became deeply ingrained even within the working class. As Marx and Engels wrote in *The Germany Ideology*, "The ideas of the ruling class are in every epoch the ruling ideas: i.e., the class which is the ruling material force of society is at the same time its ruling intellectual force."³

In the state sector of socialist society, the surplus product belongs to the people as a whole, while in the cooperative sector it belongs to the collective of workers. In either case it is used for the welfare of the people in the form of the social consumption fund or for the development of the socialized economy (in the form of the accumulation fund). It is not surprising that society attaches greater social value to labor that enriches the society as a whole than to labor for private consumption. As a consequence, the key to ending the centuries-old oppression and unequal treatment of women lies in the equalization of their participation in socialized labor. The point here is not that society as a whole has no interest in the work performed in the home in a family setting, but, apart from activities such as child care, the quality and quantity above some minimum does not acquire great importance for those living outside the particular family unit.

A socialist revolution can bring an immediate end to the laws which keep women oppressed, an end to forced marriage and polygamy; laws can give women the right to literacy and education, the right to work and the right to equal pay for equal work, and so on. But the household tasks which have been the traditional burden of women, including, for example, in the less developed countries, tasks such as carrying wood, hauling water, kneading and baking bread, food preparation and preservation, washing, cleaning, and ironing do not suddenly disappear with the advent of socialism. As Lenin wrote:

Notwithstanding all the laws emancipating woman, she continues to be a *domestic slave*, because *petty housework* crushes, strangles, stultifies and degrades her, chains her to the kitchen and the nursery, and she wastes her labour on barbarously unproductive, petty, nerve-racking, stultifying and crushing drudgery. The real *emancipation of women*, real communism will begin only where and when an all-out struggle

begins (led by the proletariat wielding state power) against this petty housekeeping, or rather when its *wholesale transformation* into a large-scale socialist economy begins.⁴

Thus socialism does not spontaneously end the inequities that have been carried over from previous exploitative societies. The inequitable division of labor by sex (both inside and outside the family) persists long after socialist rule has been established. "This struggle will be a long one," wrote Lenin, "and it demands a radical reconstruction both of social technique and of morals. But it will end in the complete triumph of communism."⁵

The struggle is a difficult and long one because men are usually in no great hurry to assume the burdens borne historically and unequally by women. Deep cultural attitudes rooted in past tradition are difficult to change rapidly and affect both men and women. What the socialist mode of production does provide, however, is the objective material conditions necessary for all of society, men and women alike, to recognize that time spent in social labor is ultimately more effective in its material results than individual labor (by either men or women) in the home. To a certain extent this is also true under capitalism. In the United States, much of the routine work which was traditionally performed in the home is now carried out more efficiently outside the home or has been largely mechanized, e.g., the making of clothing, baking of bread, preparation of baby foods, laundering and dry cleaning. Under capitalism, however, only part of a worker's social labor is recovered (in the form of wages). Under socialism, the full product of social labor is returned to the worker (directly as wages or indirectly as collective property or as property of the people as a whole).

The socialist countries continue to build the material base for reducing the burden of housework and child care. One of the most commonly recognized achievements of the socialist countries is their networks of crèches and day-care centers. The average family size itself has been reduced through dissemination and popularization of contraceptive methods in most socialist countries. Increased production of household appliances and services such as laundries, catering establishments (especially at places of work) and ready-made clothing are reducing the time spent on housework. The steady rise in the volume of food products and availability of refrigerators decreases the time spent shopping. The greater involvement of women in socially useful labor with skill and training on a par with men has been crucial for opening the way to greater

sharing of household and child-care responsibilities among couples. Economic independence, family planning, and the right to divorce have also contributed to the ability of women to enter marriage without the pressures that lead to positions of subordination in married life. For example, shortly after promulgation of the 1950 Marriage Law in China, which allowed women their first opportunity to dissolve marriages that had been forced upon them, it was reported that 77% of the divorces had been initiated by the women.⁶ Similarly, Vietnam, a country with a tradition of forced marriages and polygamy, reported 60% to 70% of the first divorces under the new family law were initiated by women. Today most Vietnamese women no longer even assume their husbands' names.

It is no doubt true that women in all socialist countries, as in all other countries, still carry a disproportionate share of responsibility for work in the home, including child care. For working women, this burden is especially heavy and, in fact, may be referred to as a *second shift*. A survey among 1,900 families in the German Democratic Republic, where women form approximately half the labor force, disclosed that women devoted an average of 37 hours a week to housework while men put in an average of six hours.⁷ A Soviet survey of steel, machine-tool, and textile workers showed that women averaged 14 hours a week less free time than men.⁸

The socialist countries are paying increasing attention to the need for men to share responsibility with women in carrying out household tasks which until now have fallen largely on the women. Thus, the Cuban constitution states that "marriage is based on full equality of rights and duties for the partners, who must see to the support of the home and the integral education of their children through joint effort compatible with the social activities of both." The Cuban family code gives women the right to bring legal action against husbands who fail to share household tasks. Although one does not, of course, expect that wives as a general rule will bring their husbands to court when they shirk their responsibility at home, the existence of the statute and the possibility that serious violations of its spirit will be brought to the well-developed network of neighborhood or block committees to serve as additional forms of pressure on the husbands to assume their share of the work around the home.

The effectiveness of the various measures taken in the socialist countries to raise the social status of women are widely recognized. A study by two social psychologists published in 1977 in *Signs*, a U.S. journal of women in culture and society, showed that the

women of the European socialist countries had attained higher levels of social-educational equality and economic equality than women of the developed capitalist countries.⁹

We will now look at some of these measures in greater detail.

2. Careers

Socialist societies are not utopias. The changes that are taking place are not a reflection of an abstract search for social justice, but a consequence of objective laws of social development operative under conditions of socialism. Socialist societies are societies in transition. To understand them, therefore, one must look not only at the conditions of life, but more importantly, at how these conditions are changing.

The attitudes that affect the choice of future careers start to develop in childhood. In crèches and kindergartens conscious efforts are made to stimulate equal interests of boys and girls in a wide range of technical and creative activities. While it is true that the USSR has had, at this writing, only one woman astronaut, the existence of even one makes it easier for girls to play at space-travel as equals with the boys. While the boys do not replace the girls as "mothers," they are taught as "fathers" to bathe the doll babies and feed the teddy bears. In a comparative study of sex-role stereotyping in textbooks in the German Democratic Republic and the United States, it was found that the "image of women in GDR texts is generally more positive than in U.S. texts — females appear more often in career roles; males are less dominant overall."¹⁰ The principle of polytechnical education described in Chapter 5 applies to girls as well as boys. Courses for parents, public lectures, discussions in the media, and extensive literature on the subject continually stress the need to give girls the same opportunity for career development as boys.

The problem of changing stereotyped attitudes is complicated by the fact that children are still exposed at home to actual practices rooted in past traditions. Moreover, even the attitudes of teachers and authors of books for children are likely to reflect the present state of affairs in many ways despite a conscious desire to change them. As Donna Grund-Slepack (one of the authors of the study referred to above) noted, "The GDR's struggle against sex bias appears to be directed more toward improving objective conditions

which facilitate women's employment and equality, rather than dealing with attitudes *per se* that maintain women's inferiority. It may be assumed that these changing realities will alter stereotyped attitudes sooner than changing attitudes will alter reality."¹¹

As can be seen from column 3 of Table 7-1 women already constitute half of all persons who have acquired occupational skills at school or (in the GDR and Mongolia) are likely to acquire them very shortly. In almost all countries shown, half of the college students are women. Wide differences, however, exist when it comes to the traditional male-dominated fields, such as engineering. It is seen from column 5 of the table that the percentage of women engineers (in those countries for which data are given) vary from 13% in Hungary to 33% in the USSR. But even here the dynamics are interesting. For example, in 1974 in the USSR 33% of the engineers were women, but 40% of the engineering students were also women. This indicates that the trend toward elimination of occupational differences between men and women is continuing. Most of the other socialist countries show the same tendency. In the GDR the percentage of women engineers was not given in the sources consulted, but the number of engineering students was given as 27%. The percentage of women among first-year engineering students turns out to be 33%, so the number of women engineers will be rising. The tendency toward occupational equalization is seen in a different way in the USSR in the medical profession, which rapidly became dominated by women after they gained equal access to medical school. The reason for this is quite likely connected with the fact that caring for the sick is associated with the traditional role of women in the family. But here, too, the process of equalization is becoming visible. The number of women doctors in the USSR has dropped from 76% in 1960 to 70% in 1974. This number will continue to drop, since in 1974 only 56% of the medical students were women. The socialist countries certainly compare favorably with the United States, where only 1% of the engineers and 9% of the doctors are women.

There are a number of other fields from which women have been excluded in the capitalist countries even though the fields themselves have little to do with the division of labor based on physical differences between the sexes, real or imagined, for example, business and law. In these fields male students overwhelmingly dominate, while in the socialist countries the proportion of men and women is roughly equal. In the highest economic body in the USSR, the State Planning Committee, 38% of the specialists with university economics degrees are women.

TABLE 7-1

*Status of Women in Socialist Countries Belonging to
the Council for Mutual Economic Assistance (CMEA)**

Percentage of Women Among Total Number of

[1]	[2]	[3]		[4]	
		<i>Persons with Specialized Education</i>		<i>College Students</i>	
		<i>Persons Employed^a</i>			
		1976-77	1960 1974	1960 1974	
Bulgaria	48	41	51	40	54
Czechoslovakia	48	38	49	34	40
German Dem. Rep.	50	29	38	25	48
Hungary	44	40	50	33	47
Mongolia	42	26	39	18	50
Poland	42	46	47	35	48
USSR	51	59	59	43	50

*Full data for the two other CMEA members, Cuba and Rumania, were not given in the available sources.

^aFor other socialist countries: Cuba 28% (1976); Rumania 45% (1974); DR Vietnam 42% (1972); Korean PDR 48% (1976).

^b1970.

The principle of equal pay for equal work is a fundamental principle in all socialist countries. Nevertheless, the average pay for women is less than the average pay for men, even in those socialist countries such as the USSR where there are more women than men with certified skills. This happens because some branches of the economy are associated with arduous physical labor or relatively unpleasant conditions of work. The pay incentives that are used to attract workers to these industries draw more men than women. In some cases, such as mining, the jobs are considered too physically strenuous for women. A consequence of this is that heavy industries in which there are more men than women, such as

TABLE 7-1 (continued)

*Status of Women in Socialist Countries Belonging to
the Council for Mutual Economic Assistance (CMEA)*

[1]	<i>Percentage of Women Among Total Number of</i>			
	[5]	[6]	[7]	
	<i>Engineers</i>	<i>Engineering Students</i>	<i>Doctors</i>	
	1974	1974	1960	1974
Bulgaria	30	41	28	44
Czechoslovakia	...	19	...	45
German Dem. Rep.	...	27	...	46
Hungary	13	20	12	24
Mongolia	14	...	40	55
Poland	13 ^b	22	48	57
USSR	33	40	76	70

mining and metallurgy, have higher rates of pay than the light industries such as textile, clothing, and food processing industries, in which the women predominate. These pay differences were shown in Table 4-3 for the case of Poland. On the other hand, one should not overlook the fact that in the USSR there are already far more women engineers than there are women textile and clothing workers.

The continuing process of mechanization and automation of physically arduous labor in the socialist countries will in the long run eliminate the need for such pay differentials and restrictions on the employment of women in certain occupations. Already, in the big scrap steel mill in Warsaw, Huta Warszawy, women are working as grinding-mill operators and run the overhead cranes in the rolling mill at pay rates commensurate with their responsibility and skill — amounting to about 50% more than the national average.

The key to women's equality is to develop the technology so that unskilled manual workers can be replaced by skilled workers and technicians using modern equipment. One such highly paid branch of the economy in Poland is the construction industry. In 1973 women constituted 5% of all Polish (blue-collar) construction workers possessing only an elementary education, but 21% of all such workers and technicians having a high school diploma. At the same time women were 16% of all higher technical personnel with college degrees. In the United States, hardly any women are employed in the construction industry at any level other than clerical.

Although affirmative-action programs are used to draw women into vocational and apprenticeship programs for the better-paid male-dominated blue-collar occupations, a second problem arises which also requires solution. The age at which many women are likely to start bearing children is approximately the same age at which they complete apprenticeships or enter the labor force with skills they acquire in school. All socialist countries provide maternity leave, generally with full pay (see next section), and have laws that protect job seniority for women returning from maternity leave. But on their return to work, some women find that the additional physical work associated with the care of young children and other domestic chores is simply too exhausting when combined with their jobs. Under these conditions, women often seek physically lighter jobs in branches of the economy which may be relatively unrelated to the skills in which they were trained. In still other cases, they may keep their old jobs, but for similar reasons do not advance their skills and other qualifications as rapidly as they would have done had they not acquired the additional family burdens. To a certain extent this also affects mental work, so that women with university degrees do not advance in their careers as rapidly as they might otherwise.

Consider the problems that confront women embarking on careers in scientific research or any professional field. The period of life during which men usually devote the greatest amount of time to develop proficiency in a professional career is precisely that period when women are most likely to be absorbed with young children and the greatest amount of housework.

Despite these obstacles, 37% of all research workers in 1974 in Poland and 32% in Bulgaria were women. In the GDR, 25% of enterprise executives are women; one out of every four schools has a woman principal. In the USSR 40% of all research workers in 1975 were women. They held 27% of all PhD degrees. A half-million Soviet women serve as factory directors, heads of construc-

tion sites, state and collective farms. Women account for 16% of the total number of chief engineers. Women are principals in 27% of all Soviet high schools, 31% of intermediate level schools and 80% of elementary schools. *In the state of Minnesota only 0.5% of the public high schools had women principals in 1975.*¹²

Although, as we have seen, much progress has been made, women are still not equally represented in all levels of economic activity. For this reason the average income of working women falls below that of the men, despite the rigorous enforcement of the principle of equal pay for equal work. The socialist countries are well aware of this problem and the long-term nature of its solution. It is one of the many problems inherited from the past.

Although the problem is discussed in women's publications and other specialized publications of the socialist countries, there is an apparent reluctance to include precise data on the relative levels of women's and men's earnings in the standard statistical publications of these countries. For this reason a country-by-country tabulation cannot be given here. For Czechoslovakia, published data from several sources may be combined to show that the average earnings of Czechoslovak women rose from 70% of the average for men in 1960 to 82% of the average for men in 1975. Mandel (see note 1), citing articles in a Soviet women's magazine, reports that female industrial workers in the USSR average three-quarters of the pay of men. Perlo cites Hungarian data according to which women earn 83% of the earnings of men workers.¹³ It is difficult to understand the reluctance of the socialist countries to make this data more readily available, especially when they stand in such sharp contrast with the situation of women in the capitalist countries. For example, in the United States the median earnings of all full-time women employees dropped from 59.3% of the men's earnings in 1962 to 56.6% in 1973.

Although job income is considered important, the income itself is ceasing to be the primary consideration motivating women to go to work.

Sociological surveys in the socialist countries invariably have women stating that work is a human need that goes beyond financial considerations. Two Soviet sociologists found the most important psychological stimuli to be: (1) the feeling that an independent source of income is necessary to establish a woman's equality with her husband and her position in her family; (2) the satisfaction derived from the work itself; (3) the wish to be attached to a community; (4) the effect on the development of one's own personality; (5) a desire to be useful to society.¹⁴ When gainfully

employed married women in Bulgaria were asked if they would work if they and their families were fully provided for, 57% replied that they would work as long as they could, and another 22% replied they would work until their pension age.¹⁵

3. Easing the Burden

Not all women choose to marry, and not all who do marry choose to, or are able to, have children. Moreover, the two world wars, the national-liberation struggles, the civil wars, and foreign invasions left many women widows or left populations with many more women than men. The socialist countries therefore recognize that women, as human beings, have needs and roles to fill other than those of wives and mothers. The affirmative-action programs and the laws and practices of the socialist countries are designed to increase the participation of women in career training and their access to public life regardless of their marital and family status.

Women with families, however, do have special problems which require attention if they are to participate as equals in social labor and public life. When a woman employee in a socialist country learns she is pregnant, a number of protections immediately go into effect. Her job cannot be phased out or terminated until some minimum time period has elapsed after her return to work from maternity leave. If her job is particularly arduous or involves occupational hazards that would have adverse effects on her health or that of the future child, she must be transferred, at no loss in average pay, to lighter work or to a safe environment. It is common practice to include in the family law, a provision prohibiting husbands from instituting divorce proceedings without the wife's consent during her pregnancy and up to one year after the birth of a child. This restriction is not applied to the wife. Medical care before, during, and after birth is provided free.

All socialist countries have maternity leaves which extend over varying periods before and after the birth, as can be seen from Table 7-2. In nearly all countries the mother receives full pay during her leave, but in some it is at reduced pay. For example, in Albania the maternity leave is at 75% of full pay if the mother has been employed under five years and 95% if the mother has been employed longer. Slovenia, one of the national republics of

TABLE 7-2
Maternity Leaves (in Equivalent Number of Months)

		Months	(Weeks or Days if Specified in Actual Law)
Albania		4½	(18 weeks)
Bulgaria	1st child	4	
	2nd child	5	
	3rd child	6	
China		2	(56 days)
Cuba		4½	(18 weeks)
Czechoslovakia		6	(26 wks, 35 wks for single mothers)
German Dem. Rep.		6	(26 weeks)
Hungary		5	
Mongolia		4	(101 days)
Korean PDR		5	(77 days)
Poland	1st child	4	(16 weeks)
	others	4½	(18 weeks)
Rumania		4½	(112 days)
USSR		4½	(112 days)
Vietnam		2	(60 days)
Yugoslavia		6	(180 days)

Yugoslavia, has a unique system of dividing up the maternity leave. Maternity leave there has been extended to eight months and the leave may be taken as straight leave or divided into 105 days full time and the remainder taken half-time (until the child's first birthday). *Either mother or father* may take the half-time part.

Many women feel that they should remain home with their children for a period longer than that embraced by the maternity leave, rather than place such young children in crèches. A concern of this kind not only finds expression through the women's organizations and the trade unions but also manifests itself by a drop in

the birth rate. In some cases a significant drop in the birth rate can lead to problems connected with the long-term age balance in the labor force. As a result, there has been a tendency to introduce various forms of extended maternity leave. Bulgaria allows mothers to extend their maternity leave by an additional six, seven, or eight weeks for their first, second, or third child, respectively, but they receive the national minimum wage, instead of full pay, for this additional period. If the mother chooses to return to work before the supplementary maternity leave is over, half of the minimum wage is added to her salary for that period. The mother may also elect to remain home until the child's third birthday and still accrue seniority. (Seniority is important for calculating vacation rights and pensions.) Poland, the USSR, the GDR, Hungary, Cuba, and other countries have adopted or are planning to adopt similar policies permitting mothers to remain home until the child's first, second, or third birthday and still accrue seniority, in some cases with partial pay.

Socialist countries usually have monthly child allowances, the amount of which varies with the number of children. In addition to the monthly payment, an additional payment is made upon the birth of a child. In the GDR, this payment amounts to 1,000 marks (about an average month's pay). Women students in full-time study also receive maternity payments. Mothers of children born in or out of wedlock are entitled to the same benefits. Single mothers, however, have priority in placing their children in crèches and kindergartens. The laws of the socialist countries make no distinction among children on the basis of the marital status of the mother. Similarly, single mothers are treated equally regardless of their previous marital status. The priority given to single mothers in matters of child care (as well as housing) is simply a recognition of their need for special assistance.

Working parents (usually either the father or the mother) are entitled to receive sick pay for time taken off work to take care of sick children. The ages of the children to which this applies and the maximum number of days a year (usually 30-60) varies from country to country.

In all socialist countries, nursing mothers receive time off for feeding their babies with no loss in pay.

In the GDR the work week will be reduced to 40 hours in 1980 from the current 42¾ hours. In 1972, however, all employed mothers with three or more children up to 16 years of age or women with two children up to 16 years of age and working on changing shifts had the work week cut to 40 hours without any reduction in

pay. In the Korean PDR, women with more than two children work six hours a day at eight-hours pay.

In all socialist countries, the age at which women can start drawing pensions is five years less than men, but in some countries the pension age for women is further reduced if they have raised a large number of children. Thus, in Bulgaria, women can retire at 45, 50, or 55, depending on their work and length of service. This is reduced by an additional five years if they have raised five or more children up to the age of eight.

Some readers may question the desirability of women having an earlier retirement age than men. There are essentially two questions that have to be dealt with here. Is there an optimal age for retirement and should it be different for women than for men? There is no absolute answer to these questions. Among the factors that have to be considered, in addition to general cultural attitudes, are the nature of the work a person has been doing, the possibility of, and interest in, changing to other kinds of work, the role of income as a motivating factor, and the general state of health of the individual. Health and physical well being for many older people are decisive. The fact that the general retirement age in the socialist countries is usually five years earlier than in the capitalist countries is a reflection of the greater influence the workers have in determining the basic conditions of their work. Earlier retirement age for women has long been a trade-union demand by women workers in Europe because of the heavier burden that most working women have traditionally borne. (They have won this right in a number of countries in Western Europe.) Legislation passed at the request of the Soviet textile-workers' union gave women in 22 different occupations in the textile industry the right to retire still earlier — at the age of 50 instead of 55. And at the initiative of the All-Union Central Council of Trade Unions of the USSR, women doctors in some specializations and women chemical workers obtained the right to go on pension at the age of 45. It is important to emphasize that retirement is a right, not a requirement. Under Soviet labor law, the question of going on pension is decided by the individual concerned. A person cannot be dismissed or denied employment on the grounds of having reached a pensionable age.

In order to ensure that women are not made to feel uncomfortable or be subject to discrimination at their places of work when they make use of the benefits to which they are entitled, the funds for these benefits are paid from the state social-security funds, which are maintained separately from the finances of the employing enterprise.

Earlier in the chapter we mentioned that many women want to change their jobs when they find the jobs too exhausting in view of additionally acquired family responsibilities. Many forms of affirmative action are applied to alleviate this situation. For example, the GDR Labor Code states that the works manager is to make special efforts to encourage women to train for technical vocations and leading responsible positions. According to the Code, women who have children under their care and who have been conscientious workers are to be admitted to colleges and technical schools under affirmative-action procedures. The schools, in admitting them, are to provide special forms of study which take into account the difficulties connected with conditions under which such students work and live in order to guarantee successful completion of the course work. The Code also provides that women with children are to receive one working day off each week to attend vocational-training courses and to prepare homework assignments. During this training they are to receive their average earnings. Finally, the managers of firms and institutions and the chairmen of cooperatives are to ensure that women are employed in accordance with the qualifications so acquired.

Similarly, the *Regulation Concerning the Promotion of Women Students with Child* of May 10, 1972, in the GDR obligates the heads of departments in colleges and technical schools to make it possible for students who are expectant mothers or mothers with children to make up any time lost as a result of unavoidable absences and to postpone examinations if they so request.

4. Crèches and Kindergartens

By the term crèche we mean a nursery which cares for children up to the age of three. Outside the United States, the term kindergarten usually means a day nursery which takes children from the age of three up to the normal school-starting age, which is six or seven, depending on the country.

Very few capitalist countries in the world have networks of crèches and kindergartens as extensive as those commonly found in the socialist countries.

The country with the highest percentage of children in kindergartens is the GDR with 90% of the children between the ages of 3 and 6 attending in 1977. Rumania, Hungary, Czechoslovakia, and Bulgaria accommodate 70% to 80% of the children of kindergarten age. In 1977, about 50% of Polish and Soviet children between the ages of 3 and 7 attended kindergartens (school-starting age is 7 years). In the United States approximately 5% of the children between 3 and 5 attend day nurseries.

The percentage of children attending crèches in the socialist countries is much lower than for those attending kindergartens. Here, again, the GDR leads the socialist countries with about 60% of children up to the age of three in crèches. Other countries, like Bulgaria, Hungary, Czechoslovakia and the Soviet Union, have only 10% to 15% of their children of that age group cared for in crèches. In general, the number of children parents wish to place in crèches exceeds the number of places available. That priority is given to development of kindergarten facilities is probably due to the fact that children under the age of three require more individual attention. In Hungary, for example, there is one nurse for every nine children in a crèche, while size of the staff in kindergartens is about one-half that of crèches for the same number of children. From the planned expansion of crèches in the GDR and the rates of expansion in other countries, it does appear that in the future most children will be cared for in crèches during the day.

The cost to the parents for keeping a child in a kindergarten or crèche is nominal, the parents paying only a small part of the actual cost, for example 15% to 25% in the USSR. Parents in the GDR pay less than 20 cents a day for kindergartens and about 50 cents a day for crèches.

Another way of easing the tasks of a working mother is the growing practice of giving school-age children their main meal in school, while the parents get theirs at the dining rooms associated with their places of work. In both cases the meals are heavily subsidized. Complaints about the quality of the cooking are not uncommon, but the publicity these complaints are receiving are precursors to remedial measures being taken to improve the quality.

The schools also have special after-school programs which combine assistance with homework as well as supervised (organized and unorganized) play, so that children do not have to come home to an empty house while their parents are at work.

To facilitate shopping, which will continue to be a heavy chore in most socialist countries for some time yet, many enterprises operate their own food stores on site or nearby off site.

5. Family Planning

Planned economies have to take into account population trends in providing for the future. Economies that are expanding rapidly have a particular need for a steady influx of trained people with new skills corresponding to the latest technological developments. The effects of past wars on the age distribution of the population are particularly marked in the present socialist countries. For example, in the USSR, Poland and the GDR, 17% to 19% of the population are past retirement age, while the figure for the United States is only 10%. In most socialist countries the birth rate is low enough to cause concern about the future balance in the age distribution of the labor force. In others, such as China, insufficiency of food production still calls for a restricted birth rate. While it is within the individual family setting that family planning decisions are made, the society cannot be indifferent to long-term trends and it is not unreasonable for countries to adopt policies to stimulate a rise or decline in the birth rate. What is of particular concern to women is that family planning be voluntary, without legal, economic, or other forms of compulsion.

Although not without exceptions, the socialist countries have established excellent records in respecting the right of women to determine the size of their families. For example, the parliament of the German Democratic Republic passed a law legalizing abortions at a time when its population was actually declining. Among other things the law provided that every woman, in addition to the existing possibility of contraception, has the right to decide on her own responsibility about the interruption of pregnancy within twelve weeks after conception, that the medical procedures are to be treated on the same basis as an illness — without cost or loss of pay. Under the law contraceptive pills can be prescribed free of charge by doctors on request from any woman 16 or older. The effect of the law on the birth-rate was immediate. From a stable number of 237,000 births a year (1969-71) the number of births fell to a stable 180,000 a year (1973-75), that is a drop of 57,000 a year, or 24%.

In order to offset the resulting drop in the birth rate, the GDR introduced a number of measures under which newly married couples with combined monthly incomes under 1,400 marks could obtain loans of 5,000 marks to set up housekeeping, the loans to be repaid over an eight-year period. The loan balance is cancelled in part after the birth of one child, further reduced after the second child, and cancelled in entirety after the birth of three children.

Partly as a result of these measures, the birth rate rose 10% by 1976. It is important to note that, although economic *stimuli* were used, this increase was achieved without the application of economic *pressure*, since wages have been increasing steadily in the GDR under conditions of absolutely stable prices.

Similar measures have been successful in Hungary and Czechoslovakia. Families with two young children in Czechoslovakia now receive child-grant supplements which increase their incomes by about 25%.

To assist couples in all-round family planning, consultation centers not only provide advice on birth control, but also on questions such as sharing domestic responsibilities.

The safety of birth-control methods is a question of great concern in the socialist countries. In the USSR, for example, the pill is still not considered safe, although its use is permitted, according to Mandel.¹⁶ Intrauterine devices and condoms are also available.

China is one of the very few socialist countries actually desiring to limit its birth rate. Sidel reports the example of a health station in Hangchow which sent health workers monthly from door to door to determine what method of birth control each woman in the block was using. The most frequently reported methods were sterilization, 27% (in 3% of the cases it was the husband who was sterilized); oral contraceptives, 17%; condoms, 19%; and IUDs 6%.¹⁷ Another factor contributing to population control is the late age at which Chinese are encouraged to marry, men at 26-29 and women 24-26.¹⁸ Abortions are also permitted in China, but apparently are not often resorted to.

Socialist countries which appear to have only very limited legal restrictions on abortions are Bulgaria, China, Cuba, Czechoslovakia, the GDR, Hungary, Poland, and the USSR. The author has no information on official policies on abortions in Albania, the Korean PDR, Vietnam, Mongolia and Rumania, but he has heard reports about difficulty in obtaining abortions in Mongolia and Rumania, while Vietnam does encourage family planning. The laws of Yugoslavia permit abortions only where the health of women is in danger, but the number of legal abortions actually reported is comparable to that of countries with abortion on demand.

6. *Women in Public Life*

The participation of women in public life is most visible in areas closely connected with their places of work. For example, in 1974 in Czechoslovakia, the GDR, Hungary, and the USSR, women made up 43%, 50%, 50%, and 58%, respectively, of the membership of trade union committees. In the GDR, in particular, 43% of all shop stewards are women. In addition, enterprises usually have women's commissions whose task is to ensure that the conditions of work adequately take into account the difficulties women face in combining their roles as both workers and mothers.

In the socialist countries a continuing struggle has to be waged to overcome backward attitudes among the population on the matter of women's equality, not only among the men, but also among the women themselves. Bettelheim cites examples from the General Knitwear Factory in Peking, China, which he visited in 1971. The factory employed 3,400 people, 60% of whom were women. But the revolutionary committee (an elected committee, serving as a consultative body for the management as well as partly fulfilling managerial functions itself) had only two women among its 21 members. The Party committee itself found it necessary to confront the question and initiate steps to change its own composition.¹⁹ Research done by the Cuban Women's Federation showed that what both Cuban men and women expected first of men was "to be revolutionary men," but the first requirement for women in the eyes of a majority of both sexes was "to be moral."²⁰ The Cuban Federation, which embraces 80% of the Cuban women over the age of 14, has been focusing its attention on changing such attitudes and has tied the cultural and political education of women to their participation in social labor. To put achievements in Cuba in perspective, one must realize that in 1958 of all women employed, 70% were servants, an occupation that no longer exists. Many women were forced into prostitution,* another occupation that has ceased to exist.

*The experiences of certain foreigners notwithstanding, the socialist countries have eliminated prostitution as an occupation, although in some countries one might encounter an occasional individual offering sex for money or favors. Prostitution as a social phenomenon, however, has vanished.

Women are elected in large numbers to city and district people's councils of the socialist countries, as can be seen in Table 7-3. Women are particularly interested in these local government bodies

TABLE 7-3
Women in Public Life (1974-77)

	<i>Percentage of Women among Total Number of Members of</i>		
	<i>Parliament (previous parliament in parentheses)</i>	<i>Local and Regional People's Councils</i>	<i>Communist Party</i>
Albania	16 (...)	...	27
Bulgaria	19 (17)	36	28
Cuba	22	25	15
Czechoslovakia	28 (26)	28	...
German Dem. Rep.	32 (31)	34	31
Hungary	24 (20)	25	27
Korean PDR	...	33	...
Mongolia	23 (22)	28	24
Poland	21 (14)	23	23
Rumania	14 (8)	30	25
USSR	31 (31) ^a	48	25
DR Vietnam	30 (25)	40	...
Yugoslavia	14 (8)	7	...
Fed. Rep. Germany	7		
France	5		
United States	4		

^aFraction of 1% increase over previous parliament.

because it is on this level that the planning and operation of shops, services, schools, recreational facilities, and housing administration in the individual communities are discussed. The people's councils not only have oversight responsibility, but they also initiate proposals for new community services and have direct access to the appropriate economic agencies. For example, to reduce the time spent on shopping, the People's Council of Warsaw issued a regulation which required the municipal dairy cooperative to take orders for milk deliveries to homes. When home deliveries were arbitrarily terminated by the cooperative outlet in the author's neighborhood, a complaint to the district People's Council brought resumption of deliveries in four days.

The number of women in parliament is also rising steadily. Table 7-3 shows the percentage of women deputies in the 1970s as compared to the percentage in the preceding parliaments (in parentheses). In every case the percentage has increased. From 30% to 50% of the judges and people's assessors are women. Also, women constitute 20% to 30% of the Communist Party membership (see Table 7-3). This percentage continues to rise steadily. While the participation of women in the Party and in government is not yet on a par with the numbers in the labor force, the figures certainly put to shame the capitalist countries, where the percentages in parliament are typically very low: 4% in the U.S. Congress, 5% in France, and 7% in the Federal Republic of Germany. In state legislatures in the United States the situation is not much different. In Minnesota, for example, only 5% of the legislators are women. Nationwide in 1977, women held less than 7% of all elective offices.²¹ In Western Europe the numbers of women in local governments are not appreciably higher than in the national parliaments.

The percentage of women among members of the central committees of the Communist Parties of the socialist countries, however, is much lower than in the Parties as a whole or in the national parliaments, for example, 8% in Poland in 1977 and 10% in China in 1973.* The percentage drops further (more often than not to zero) when one looks at the members of the political bureaus of the Parties (the executive bodies of the central committees).

*The author has not located data on the structure of the Chinese Communist Party membership. Goldwasser and Dowty reported, however, that the women delegates to the Tenth Congress of the Chinese Communist Party in 1973 constituted about 20% of the total number of delegates. The figure of 10% for the Central Committee represents an increase from 4% in 1956 (Eighth Congress) and 7% (Ninth Congress) in 1969.²²

What we are seeing here is that on the level where women spend most of their time in a socialized context, that is, at their place of work, the percentage of women publicly active in some way, e.g., as members of trade-union committees, is roughly commensurate with their numbers. A still significant, but smaller percentage belong to the Communist Party. Membership in the Communist Party places severe demands on a person's time. Not only are Communists expected to attend Party meetings and to participate in Party committees, but they are also expected to be among the most active persons in the mass organizations: trade unions, national-front committees, women's organizations, parents' committees in the schools, tenants' councils, and the like. With the factual situation being that women still carry excessive household and child-care burdens (in comparison with the men), it is more difficult for women to engage in activity on this level, although a great many do manage to do it. When it comes to the highest echelons of the Party and government another factor enters. Here one finds older persons whose entire adult lives were generally dedicated single-purposedly, day and night, to social activism, starting at a time when the conditions in their countries were less favorable for women playing more active roles in public life. The situation is somewhat akin to that found among academic and scientific workers. In the USSR women hold about 27% of the PhD degrees, yet they make up only 10% of the number of the full professors and members of the Academy of Sciences. Not only are full professors and academicians generally older than the average PhD, but like the leading political figures, probably put in long hours on their research during the start of their careers (while the women were interrupting their careers to start families). For most women in the socialist countries (and for most men, for that matter), this devotion to one's work is more than they are willing (in the case of the men) or able to maintain because of their additional family obligations. In the present cultural framework, women are more likely than men to choose a more balanced sharing of time between careers and family.

It is clear, however, that as the socialist countries approach a situation where essentially all children will be attending kindergarten after the age of three and where increasing numbers of children are placed in crèches before that age, as the availability of household appliances and consumer services increases and shopping ceases to consume many hours a week, women will be in a stronger position to win a more equitable sharing of the remaining responsibility in their families.

Already there are indications that this process is taking shape. The changing social attitudes are increasingly evident in surveys conducted in the socialist countries. A survey in 1971 at the Kiev Technological Institute in the USSR showed that only 5% of the men students thought housework to be a specifically female function, but 59% said it was a man's duty to help women with the housework, while another 36% said the household duties should be shared equally. The women students replied in almost the same way, although none expressed the idea that housework should be performed by the women alone.²³ When the concept of helping gives way to sharing, then one can consider the problem of cultural attitudes as being completely solved.

In summarizing a discussion on the cultivation of new attitudes toward women, a Soviet writer notes:

The behaviour of some people in the sphere of the relations between the sexes is still far below the high demands imposed by socialist society. The survivals of the past in social consciousness are most tenacious in relations between men and women, which, because of their intimate nature, are less amenable to public regulation than others. The abolition of habits which have been ingrained in people in the course of thousands of years requires strenuous educational work. This is why the cultivation of new relations between man and woman is a component part of communist education.²⁴

The book from which the above selection was taken notes in its conclusion:

In developed socialist society considerable changes take place in the family and in every day life. Now one of the family's main functions, alongside the reproductive function, is that of rearing and moulding the new [individual]. A noteworthy fact is that the more vigorously woman participates in professional and socio-political life, then higher is her authority in the family and the more equitable is the cooperation and distribution of domestic work.²⁵

Chapter Eight

**INTERNATIONAL INTEGRATION
OF SOCIALIST ECONOMIES**

1. Origins of Economic Cooperation among Socialist Countries

External and internal factors gave rise to the need for international economic cooperation among the socialist countries. The principal external factor was the conscious application of economic pressure by the United States and other capitalist powers. In the late 1940s the U.S. Congress initiated severe export-control measures designed to weaken the socialist countries economically and militarily within the framework of what was known as the Truman Doctrine. The Truman Doctrine, first announced in 1947, had as its alleged purpose, "the containment of Communist aggression" and in its initial phase provided for economic and military aid to countries that eventually were included in military alliances directed against the socialist countries. During the years 1948-54 virtually all exports from the United States to the socialist countries were prohibited, and the export of goods from other countries to the socialist countries was sharply restricted under the threat of economic reprisals.

The effect of these trade restrictions was to accelerate the industrialization of the socialist countries on the basis of self-sufficiency.¹ The more industrialized countries of Eastern Europe such as the German Democratic Republic and Czechoslovakia were cut off from their traditional export market in the West, as were the others, which were exporters of raw materials and agricultural products. The restrictions on the import of machinery, equipment, and raw materials needed for industrialization and industrial production did indeed create some temporary difficulties for the socialist economies. In the early 1950s the writer worked as an engineer in a Polish electrical factory. Because of the difficulty in obtaining copper no engineering designs involving the use of copper, the principal material used for electrical conductors, were permitted without the approval of a special commission. Instead of copper, aluminum was used since aluminum was more abundant in the socialist countries than copper. (Subsequently, one of Europe's largest copper deposits was discovered in Poland. It was immediately developed with assistance from Czechoslovakia.)

A second factor contributing to the development of economic cooperation among the socialist countries arises from the nonantagonistic character of their economic relations with one another. A principal concern in the international economic relations of developed capitalist countries is the opportunity for capital investment. Capitalist profit is made at the point of production and arises from the difference between the wages paid workers and the value created by wage labor. Profit in the form of goods, however, is not useful to the capitalist until it is transformed into money through sales. Although foreign trade provides capitalist firms additional markets for sales, and therefore additional means of realizing profit, the trade operations themselves are not the main source of profit. Investment in other countries opens up new possibilities for employment of wage labor for the production of profit, superprofits for that matter, because of the very low wages in the underdeveloped countries. *Modern imperialism is the export of capital.* The means used to secure and protect the opportunities for investment of capital in other countries are what give it its ruthless character.

The principal purpose of foreign trade for a socialist country is to exchange the products it produces for other products it needs, but does not produce. No socialist country makes any investments in other countries with a view to producing profit. In this way economic relations among socialist countries do not have an antagonistic character, but naturally assume a character of mutual coop-

eration and mutual assistance. Although misunderstandings and occasional frictions may arise, they can be eventually resolved by negotiation.

2. *The Council for Mutual Economic Assistance (CMEA or Comecon)*

The Council for Mutual Economic Assistance, also known as *CMEA* or *Comecon*, was formed in January, 1949, by Bulgaria, Czechoslovakia, Poland, Rumania, Hungary and the USSR. In February, 1949, it was joined by Albania, in 1950 by the German Democratic Republic, in 1962 by Mongolia, and in 1972 by Cuba. After 1961, Albania, though still formally a member, ceased to take part in its activity. The CMEA thus effectively consists of nine nations. In 1964 Yugoslavia signed an agreement with the CMEA under which it participates in most of its commissions. Vietnam, Laos, Angola and the Korean PDR attend its sessions as observers and cooperate in some of its undertakings.

Unlike international economic groups of capitalist countries, such as the European Economic Community (otherwise known as the *EEC* or *Common Market*), the CMEA operates on the basis of absolute equality of its members regardless of the size or economic potential. In the EEC a country like the Federal Republic of Germany has more votes than a smaller country such as Denmark. Projects undertaken by the CMEA must be ratified by all governments participating in them. Even in institutions set up by the members of CMEA, such as the International Investment Bank, the basic decisions on questions like the distribution of profits, changes in statutory capital, etc., have to be unanimous. All other decisions require approval of three-quarters of the members, each country having one vote. (Countries not members of the CMEA can belong to institutions of this type. For example, Vietnam is a member of the International Investment Bank, which is essentially a credit institution.)

The scope of activity of the CMEA developed very slowly, the member countries cautiously feeling their way toward deepening their cooperation while protecting their national interests on the basis of full equality. During the first ten years of its existence, the CMEA concentrated on organizing the development of trade

among the European socialist countries and the development of scientific-technical cooperation, the latter including exchange of technological designs and scientific and technical personnel without payment. During the next ten years, that is, 1959-69, the CMEA set itself the goal of coordinating economic cooperation among its member countries and of coordinating their economic development plans. Finally, in 1969, the CMEA decided to move toward the goal of eventual integration of the economies of its members.

There are, of course, a great many difficulties that have to be overcome in cooperation of this kind because of the differences in levels of development of the member countries and differences in the economic organization within each country. For example, the management of factories in Rumania have far less independence relative to the central bodies than in Hungary, so that difficulties arise simply in establishing appropriate levels of authority for consultation on individual industries.

In Table 8-1 the narrowing of differences in levels of development can be seen from the changes in the per capita national income for the European members of the CMEA over the 30-year period 1950-80. The order in the table was determined by the change in national income, the country with the smallest increase

TABLE 8-1
*Rise in Per Capita National Income in
European CMEA Countries (1950-80)*

	<i>1980 (Planned) Percent of 1950</i>
Czechoslovakia	427
Hungary	446
German Democratic Republic	512
USSR	523
Poland	587
Bulgaria	815
Rumania	1,164

listed first. With the exception of Hungary, the order is approximately opposite to the level of economic development in 1950, that is, the countries which had been less developed have been developing more rapidly. The differences among the socialist countries have been narrowing. There is perhaps no better evidence of the lack of exploitative relations among the socialist countries than the changes depicted in the table. The lower growth rate in Hungary is a consequence of heavy investments made in agriculture at the expense of investments in industry. Investments in agriculture generally produce a smaller increase in national income than an equal investment in industry. On the other hand, the Hungarians now have the highest meat consumption among the European socialist countries. Data for Mongolia and Cuba are not shown in the table. The national income of Mongolia increased only about 3% annually during the 1960s. It should be recalled that the process of social transformation that has been going on in Mongolia is from feudalism to socialism, rather than from capitalism to socialism. The cultural transformation presents great difficulties and a slower pace was required. In the 1970s, however, Mongolia's income will be rising at an annual rate of 7% (compared to 5% for the GDR, Czechoslovakia and the USSR). The global social product of Cuba will grow at an annual rate of 6% under its five-year plan for 1976-80.*

Two socialist countries, China and Albania, maintain trade relations with members of the CMEA, but do not work with the CMEA itself, although, as mentioned earlier, Albania is still formally a member. Strained relationships have existed since 1960 between the Parties and governments of these two countries and the CMEA members (with the partial exception of Rumania). These strains have been accompanied by a sharp reduction in trade.

The CMEA countries have 9% of the world's population and produced about 38% of the world's industrial production in 1975, as compared to 18% in 1950. The USSR alone accounts for about 20% of the world's industrial production.

We will now consider the principal features of the various forms of economic cooperation carried on within the framework of the CMEA.

*The global social product in Marxist political economy is the value of material production and consists of the value produced by labor (national income) and the value of the materials used for production (materials input).

a. Trade relations

Trade among the members of the CMEA accounts for 60% of all their imports. Between 1950 and 1970, this trade increased approximately $7\frac{1}{2}$ times. The share of industrial production in this trade doubled over this period and in 1970 made up from 50% to 75% of the exports of the GDR, Czechoslovakia, Poland, Hungary, Bulgaria, and Rumania. For the USSR, however, raw materials and fuel constituted about 70% of its exports to CMEA countries and industrial goods made up 70% of its imports.

Because of the importance of mutual trade among the CMEA members, the starting point for coordinating the five-year plans has turned out to be the level and nature of such trade.

b. Specialization in production

The basic principle of the international socialist division of labor is the concentration of production of a given kind in one or several socialist countries. Bulgaria is specializing, among other products, in electric carts, electronic calculators, electric typewriters, and medium-tonnage ships; the GDR is specializing in automatic and semiautomatic lathes, grinding machines, optical equipment, and computers; Poland specializes in shipbuilding, and railroad rolling stock, etc. Machinery and equipment produced under CMEA specialization agreements accounted for 20% of trade within the CMEA.

During their initial stages of socialism, these countries followed policies designed to free their economies from economic dependence on other countries, in particular, from dependence on the developed countries, which, through their foreign-investment policies, contributed to a one-sided development of the economies of Eastern Europe as appendages to the developed countries. Specialization within the framework of CMEA has an entirely different character. The fields of specialization themselves are diversified, so that no country becomes bound to the fate of a given industry.

c. Cooperation in production

Cooperation in production is an economic relationship intended to be of longer duration than simple trade exchanges. The

parties to such cooperation undertake the production of different parts of a manufactured product. The first such agreements of this kind to be made under CMEA were concluded in 1969. In one such agreement Bulgaria supplied the USSR with parts and subassemblies for the Zhiguli passenger car. In exchange, the USSR supplied Bulgaria with assembled passenger cars. Hungary has a similar agreement with Poland and the GDR. Poland, on the other hand, supplies parts for electric carts assembled in Bulgaria. Poland and Czechoslovakia provide each other with parts for the Zetor tractor and the tractor is assembled in both countries. Agreements of this kind also embrace machine tools, textile machinery, ships, and other products.

d. Joint investments in fuel and electric power

The CMEA members account for about 25% of the world consumption of fuel and energy. Its European members are already consuming as much fuel per capita as the Common Market countries. Yet there is no energy crisis or speed limits on highways to conserve fuel. School corridors are well lit. Although the media stress economic utilization of resources, there are no appeals for austerity and belt-tightening. The CMEA countries have been able to meet their energy needs through the powerful combination of coordinated long-range planning and the joint investments under CMEA.

In 1959 an agreement was reached among the USSR, Poland, the GDR, Czechoslovakia, and Hungary to extend the oil pipeline tapping the resources of the Ural-Volga Basin to Eastern Europe. The USSR covered the cost of a 355-mile segment to the Soviet-Polish border. Poland and the GDR split equally the cost of the 170-mile segment running from the Soviet-Polish border to the Polish city of Plock (where there is now a refinery). The cost of the 164-mile segment running to the GDR was covered by the GDR. The costs for the branch running from the USSR to Hungary and Czechoslovakia were shared along similar lines. Rumania was not included, since it produces its own oil. Each country is the owner of the segment of pipeline running through its own territory. The agreement also provided for the delivery of specified amounts of oil to each of the countries. The equipment for the construction of the pipeline, which bears the name *Friendship Pipeline*, was supplied on the basis of specialization and cooperation in production: The GDR provided pumps, pipes, and steel equipment; Czechoslovakia

supplied pipes and valves; Hungary provided telemetering and communications equipment; the USSR furnished construction and pipe-assembling machinery and equipment. Huge petrochemical plants were constructed at the pipeline terminals in each of the countries. Not only is the oil used for meeting energy needs, but is also providing the basis for sophisticated chemical industries in each of the countries.

Another project involves the construction of a natural-gas pipeline 60 inches in diameter and 1700 miles long to supply gas from the Soviet gas fields near Orenburg to Bulgaria, Czechoslovakia, the GDR, Hungary, Poland, and Rumania. The decision to build the line was made in 1974 and represents a new type of CMEA activity. The line is financed by a joint investment of the seven countries. Bulgaria, Czechoslovakia, the GDR, Hungary, and Poland have each been assigned a section to be constructed with the participation of their own workers. Soviet workers are laying the pipes in the sections assigned to Bulgaria, Hungary, and Czechoslovakia, while engineers and workers sent from these countries are taking part in the construction of compressor stations, other pipeline facilities, shops, and housing. Instead of sending workers, Rumania is providing an additional financial contribution. In all, 12,000 workers from the European socialist countries are involved. The workers cannot be considered "guest workers" in the sense of the exploited, low-paid Turks, Greeks, Yugoslavs and Italians working in West Germany and other developed countries, since the workers from the socialist countries are in the USSR to complete a specific job at earnings that generally exceed that of their Soviet counterparts. Moreover a large number of highly skilled specialists are involved, especially among the crews laying the pipe. The large diameter being used, 60 inches, requires the solution of difficult technological problems. Long-distance pipelines in the United States are only 48 inches in diameter. The pipeline is scheduled to go into operation in 1978.

The two pipelines described above represent different approaches to international joint socialist investments without the exploitation of foreign labor by the investing countries.

Another ambitious energy program is the construction of a 750,000-volt power line from the Soviet Ukraine to the vicinity of the Hungarian capital, Budapest. This line and other lines that will be built later will link up all the European members of the CMEA and Yugoslavia into a unified electric-power grid and make it possible to satisfy fully the anticipated electric-power needs of each country through 1990 with a minimum investment in productive ca-

capacity. All these countries are already linked into a CMEA grid of smaller capacity called the Peace Power Grid. Eventually, the unified grid will embrace twelve time zones all the way to the Pacific Ocean and will include Mongolia and the European members of the CMEA as well as Yugoslavia. There are reports that France and the Federal Republic of Germany are exploring the possibility of connecting into the grid. When the grid is finally completed, peak-load demands in one time zone can be supplied from generating facilities in distant time zones, and the net investment in generating capacity can be kept to a minimum.

It is not surprising that the first major joint-investment projects involve fuel, energy, and raw materials. In the trade among CMEA countries it turns out that when raw materials, fuel, and energy are exchanged for machinery, the capital investment required for the production of raw materials and fuel (and fuel for the production of electric energy) is 3 to 3.5 times the investment required for the production of the machinery exchanged for them. In 1974, 50.2% of Soviet exports to European CMEA countries consisted of raw materials and fuel. Machinery constituted 47% of Soviet imports from these countries. On the other side, raw materials and fuel made up an average of 23% of these countries' exports in mutual CMEA trade, while machinery constituted 46.5% of the imports from other CMEA countries. This meant that the USSR, as the principal supplier of fuel and of raw materials to CMEA countries, would have to expend a disproportionate share of the investment burden for the expansion of its production of raw materials and fuel if the industrial production of the other CMEA countries were to continue to grow. The obvious solution was to make joint investments such as the ones already described.

e. Other forms of joint investments

Another example of CMEA activity is the building of a nickel and cobalt processing plant in Cuba. Cuba retains part of the processed metals, while the other CMEA countries receive part of the future production. According to the Cuban newspaper *Granma*,² this plant, together with another being built with the assistance of the USSR, will double Cuba's output of cobalt and nickel. In the future, Cuba will be able to manufacture certain grades of steel and sizeable quantities of chromium and aluminum by using the residues from the nickel and cobalt processing. With these resources as part of its base and with Soviet assistance, Cuba will soon start

construction of its first complete steel mill. The mill will turn out two million tons of steel a year.

In this example, we see Cuba not being reduced to the role of a supplier of raw materials, but utilizing its ores for the development of metal processing and manufacturing.

Another form of joint investment actually takes place in the form of bilateral agreements within the framework of the CMEA. An example of this is a spinning mill formed in 1972 as a corporation jointly owned by Poland and the GDR. Its directors are three Poles and three GDR citizens appointed by their respective governments. Its overseeing body is a council consisting of four citizens of each country. All decisions must be unanimous. Each country has a 50% interest and supplied half of the initial capital. The GDR supplies the machinery and equipment, while Poland supplies most of the labor force, since the plant is in Poland. Each country supplies half of the raw materials. The produced yarn is divided evenly between the two countries. The calculations show, however, that Poland is contributing a greater share to the value of the finished product. In order to eliminate the possibility of the GDR profiting from the exploitation of Polish labor, the surplus received by the GDR is repaid to Poland in the form of other goods chosen by Poland.

Investments of this type are still of an experimental nature and other forms are also being tried. There are a number of problems that are not at all easy to solve. One of these is the calculation of the contributions made by each country to a joint venture. Many of the costs have no counterpart on the world market, and the cost-accounting systems of each country differ widely. In the absence of market factors, the distribution of costs over their various sources of origin in a centralized planned economy involves a number of arbitrary decisions differing from one country to another. (Actually, this is also a problem in capitalist countries.) The CMEA is attempting through experiments of the kind illustrated above to develop methods of sharing costs and establish a reliable basis for international transactions. There is a need for an international socialist currency to be used in transactions among socialist countries and a means of converting it to national currencies to reflect actual values. For this purpose the CMEA has created the *transferable ruble*, a gold-based currency not connected in any special way with the Soviet ruble or with the currency of any other socialist country. Moreover, it does not reflect prices in any particular country, but only international prices used among CMEA countries under precisely defined conditions of interna-

tional trade. For example, part of the investments in the Polish-GDR spinning mill just described are calculated in terms of transferable rubles. The transferable ruble exists only on balance sheets and does not circulate in the form of paper or coins.

In the 1970s, world market prices fluctuated sharply in the presence of high rates of inflation. Prices of raw materials and fuels were particularly affected. The socialist countries carry on a considerable amount of trade with the nonsocialist world, and the increased prices they had to pay in convertible currencies usually were not fully offset by the rise in the prices of the goods the socialist countries normally export. Since prices within CMEA were kept fixed, situations arose whereby a CMEA country with a product that could be exchanged advantageously for convertible currencies on the world market found itself locked into an agreement based on unchanging CMEA prices. (This was already discussed briefly in Chapter 5.) Pressures thus developed among the socialist countries to allow some price changes in goods traded among themselves to partly reflect these changes in the world market. The CMEA resolved the situation by basing current prices on the average world market prices for the preceding five years. Thus, if the price of some commodity was stable over four years and then doubled during the fifth year, the price among the socialist countries would rise only 20%. In this way the internal CMEA prices reflect the long-term trends in the world market, but are not subject to the violent fluctuations of the world market.

f. From cooperation to integration

In 1971 the CMEA adopted what was called the *comprehensive program for the further deepening and perfection of cooperation and development of socialist integration of the economies of the CMEA members*. Foreign trade still remains the principal instrument for the integration of the socialist economies, since it reflects the growth of specialization and cooperation in production, science, and technology. The need for integration of the socialist economies is also a consequence of the rising level of industrial production. As the individual countries become more industrialized, manufactured goods make up an increasing portion of their exports. The way the goods are produced affects the price for which they can be sold on the competitive world market. Low production costs are associated with large-scale production techniques, and

small countries are not in a good position to make such large-scale investments, unless they combine their investment resources.

The integration of socialist economies on an international level retains an international, rather than supranational character. The basic investment planning must be done indirectly, since the plans must be carried out within the framework of the national economic plans adopted by each country separately. It thus becomes necessary to coordinate the planning itself, both for the usual five-year periods (which now span the same years) as well as for longer periods extending from 15 to 20 years. The CMEA engaged in extensive coordinated planning for the first time in connection with the plans for 1975-80. It is anticipated that the basic goals of economic integration will be achieved during the years 1985-90. The task of integration also adds urgency to the equalization of the levels of internal development among the CMEA members and equalization of the standards of living of the populations. The CMEA has already included the production of consumer goods among the areas to be embraced by its work to accelerate the equalization of living standards.

3. Cooperation with Capitalist Countries

The development of new forms of cooperation among socialist countries free from exploitative relations can also provide a basis for the future development of economic relations between capitalist and socialist countries, both inside and outside the CMEA. In fact, the CMEA has proposed to the Common Market negotiations on cooperation. The CMEA already has agreements with Mexico and Finland. A number of CMEA countries have agreements on cooperation in production with capitalist countries. Poland makes automatic lathes with parts partly supplied from France and exports finished lathes to France. Rumania and Hungary have been experimenting with arrangements by which industrial firms could be established in their countries with foreign capital limited to a 49% share. But these efforts have not yet been too successful because of the difficulties in mixing convertible and nonconvertible currencies and other problems of an administrative nature.

Yugoslavia already has a number of such firms. The free convertibility of the Yugoslav currency and the market nature of the

Yugoslav economy favor this kind of operation. However, only a very small fraction of the overall economic activity in Yugoslavia involves such foreign investments.

A number of socialist countries have had foreign firms build hotels principally to appeal to foreign tourists. The projects are essentially joint undertakings with part of the construction crew and equipment supplied by the foreign firm. For example, hotels in Berlin (GDR) and Warsaw have been built by Swedish firms. Such foreign companies retain no rights of ownership. The city of Budapest now has a Hilton Hotel built by the Hilton chain. The Budapest Hilton, however, is the property of the Hungarian people.

The CMEA is attaching great importance to future cooperation with capitalist countries through trade and cooperation in production. For the United States such economic cooperation could open up several million jobs as a result of orders that would be received once the restrictions on trade with the socialist countries are lifted. Successful development of economic ties between the CMEA and the capitalist countries would greatly contribute to the creation of a spirit of international cooperation and facilitate international agreements in many other areas, especially on such vital questions as disarmament.

THE POLISH CRISIS 1980-1982

The present situation in Poland cannot be examined outside the context of Poland's history—its feudal past and the continued state of underdevelopment, poverty, and foreign exploitation after it regained its independence in the wake of the 1917 October Revolution in Russia. The period of rapid economic and social change that followed the establishment of a socialist course of development after World War II must also be taken into account.

When I arrived in Poland in 1951, after being barred from industrial employment as an engineer and from graduate research in physics in the United States for political reasons, Warsaw still lay in ruins. Only one main street had been reconstructed. Shops were few, products were scarce. It took only six weeks to find a crib for my child born in March, 1951. Powdered milk could be purchased only in pharmacies and only with a doctor's prescription—often referred to as a "hunting license," since the milk was often not available at all. Only a year or two before, married couples would be fortunate to find a room that they could rent to occupy daily for an eight-hour shift. The consequences of World War II were everywhere present. Twenty percent of Poland's prewar population of 34 million had perished in the Nazi death camps.

An agricultural land reform had already been carried out and the peasants were just beginning to emerge from centuries of poverty. In most of the countryside, meat was eaten only a few times a year. Wooden matches were splintered into four parts with razor blades to turn one match into four. The principal delicacy was chicken, and, as the proverb goes, chicken was eaten only when sickness struck, that is, struck either the peasant or the chicken.

By the 1970s, Poland was an entirely different country. With about the same sized population as just before World War II, the urban

population had increased from about 30% in 1938 to about 58% in 1978. In the countryside, sturdy brick houses increasingly replaced the dirt-floored hovels. Urban and rural incomes were essentially equalized. The Poland of the 1970s was an industrialized country producing 325,000 automobiles a year (1978). A modern machine-tool industry exported programmable metal-shaping equipment. Poland's per capita steel-making capacity now exceeds that of the United States.

Real incomes rose rapidly. In 1979 they averaged 2.5 times those of 1960. Meat consumption rose from 36.5 kg per person in 1960 to 73 kg per person in 1979. There were essentially no private cars in 1950, while in 1979 about 20% of all Polish families had cars. In 1978 for every 100 families there were 91 refrigerators, 96 television sets, and 100 washing machines. The material and cultural conditions of the population had undergone revolutionary transformation. Literacy was now universal. Comprehensive medical care, though not without its shortcomings, was available for the entire population at essentially no cost. The theater and the arts blossomed. The growing availability of consumer goods and cultural opportunities was matched by a 40% increase in real wages between 1970 and 1975.

Once the conditions that produced the current crisis are overcome, it is clear that with this substantial economic base, a relatively short historical time will be needed for Poland to catch up with the more prosperous countries of Eastern and Western Europe.

What actually led to the crisis of 1980-82? This is not just a question of historical reflection. An understanding of the factors that led to the crisis is necessary for an understanding of Poland's path out of it.

A common element that runs through all the factors, one that distinguishes the course of development of socialist Poland from that of most other European socialist countries, is the particularly destructive influences of nationalism. This nationalism is largely a product of the hundred and fifty years during which Poland was dismembered by Tsarist Russia, Prussia, and Austria. The Russian and Prussian occupations were marked by efforts to destroy Polish culture, particularly after repeated uprisings by the Poles. During this period, the Russian Orthodox Church also attempted to establish its spiritual hegemony in the Russian-occupied regions. The fact that a struggle for national survival took place as the capitalist relations of production were just beginning to emerge in a feudal and semifeudal economy frequently led the Polish bourgeoisie to unite in struggle

with the Polish aristocracy. The consequences of this historical situation persist today in what can be recognized as the bourgeois-aristocratic attitudes and manners among sections of the Polish intelligentsia. One was reminded of this vividly in the mid-1950s when, in the name of "democratization," the Polish journalists association caused a national scandal by drawing up plans for a ball at which tuxedo dress would be obligatory. The strength of the indignant reaction forced abandonment of the plans. The persistence of such upper-class attitudes and the ever-present influences they exerted over the young intellectuals that came into contact with them created the potential for open class conflict during any period of national crisis.

To understand how this situation can exist in a country that has been on a socialist path for thirty-five years, it is necessary to consider some aspects of the state structure in socialist countries. Although the leading political force in socialist countries is the Communist and Workers' Parties (in Poland the party is called the Polish United Workers' Party), that is, Marxist-Leninist parties in which the working class is the dominant social group, the governments of the socialist countries have the character of national unity coalitions. The Marxist-Leninist party is the leading force in this coalition and its leadership is acknowledged by the other parties—where other parties exist—and the various groups that make up the national unity coalitions. Thus, with certain variations from country to country, the parliaments of the socialist countries have direct representation for the working class, as the dominant force in the country, and also for the peasantry (individual or cooperative), artisans, semiindependent professionals, cultural workers, women's and youth organizations, and, often even the religious organizations. This is just as true in multiparty states such as Poland and the German Democratic Republic as in one-party states such as Hungary and the Soviet Union. The accepted principle is that all social groups have the right and the obligation to contribute to the construction of a socialist society. In practice, not all groups approach the problems of socialist construction in the same way. The Communists pay much attention to the theoretical and practical problems for the short and long term, while the petty-bourgeoisie, or those coming from that tradition, may approach the practical problems in a relatively nontheoretical way, motivated by patriotism mixed with personal or private interest and, generally, short-term considerations that do not go much beyond the immediate future.

The development of a socialist society, however, requires conscious application of socioeconomic theory. This is because the development of a socialist economy is not a spontaneous process as in the case of the capitalist society that preceded it. The "boom and bust" character of capitalist economies is the product of the spontaneous nature of investments arising from the private ownership of capital. The only motivation for investment is profit. If products sell, production expands, and if products do not sell, production contracts. The employment of a labor force is necessary, but nevertheless secondary, to the possibility of a profit from investment. In socialist economies, except for special situations, investments are made for need. The products resulting from the investments are regarded as necessary. They are produced because they are necessary and not because of the profit that can be made from their production and sale. In capitalism there is a difference between the motivation of the producer and the consumer; the produced product can be sold because it is needed, but it is produced because it can be sold. In socialism, the product is produced because it is needed and the sale of the product for money is not an end in itself, but a method of distributing it. Thus, without the mechanism of the marketplace and the profit motive, socialist economic activity must be a planned activity and the entire political economy of the social system must be understood. Not only political economy, but the entire socioeconomic life of socialist society must be theoretically understood if the social and economic sides of the society are to develop in a harmonious way. It has not been a simple task to master the entire socioeconomic theory of what Marxists call scientific socialism. Where shortcomings arise, crises are possible, and almost all socialist countries have passed through at least one such crisis, but such crises are regarded as aberrations, and not the normal, unavoidable, recurrent feature of the socioeconomic system.

It is for this reason that Marxists in socialist countries place constant stress on the theoretical study of socialist society, on the popularization of the theory, and on the importance of extending this theoretical grasp to broad sections of the population.

In Poland, the tradition of feudal-bourgeois class alliance that arose in the struggle for national survival in the eighteenth and nineteenth centuries and the tenacity of bourgeois-aristocratic traditions among some sections of the intelligentsia distorted the way policies of national unity were implemented in the development of socialism. Particularly after Wladyslaw Gomulka was placed in the Party leadership in 1956, the appeal to patriotism essentially replaced the

struggle for theoretical understanding. The theoretical education of the youth and even Party cadres in the principles of scientific socialism and socialist morality, in Marxist-Leninist theory, was neglected or approached in a formal way without conviction. At the same time, the bourgeois-aristocratic elements of the intelligentsia in the universities and in cultural life were continuing their attacks on Marxism in a variety of ways and with much attention devoted to raising the youth in their own image. Just as the authoritarian methods and violations of socialist norms in Poland (and elsewhere) prior to 1956 represented a one-sided distorted concept of class struggle, the essential abandonment of ideological struggle by the Party was a one-sided distorted concept of national unity. All the while, the Catholic Church in Poland, unlike the Church, say, in many Latin-American countries and even unlike many sections of the Church in the United States, implored the youth, especially the student youth, not to make any ideological commitment, arguing that they were too young—in other words, “Stand on the side and watch, but don’t take part.”

In capitalist countries, the church has either an official status as an established church, such as in England or Scandinavia, or else it has single or multid denominational semiofficial status such as in the US, West Germany, Italy and France. Ruling-class ideology, including moral principles that reflect the interests of the ruling classes, that is, principles that serve the needs of the capitalist property relations, are propagated from the pulpit and by the schools and mass media. In Poland, the Church has semiofficial status in the sense that formal agreements fix Church-state relations. Although this is a much looser arrangement than in prewar capitalist-and-landlord dominated Poland, the authority or relevance of the Church on questions of ethical-moral behavior was never really challenged. The moral or spiritual guidance given by the Church, however, had absolutely no relationship to the new socialist production relations, since the Church in Poland, unlike, say, churches in the German Democratic Republic, was determined not to be part of the shaping of relations among people in accordance with socialist relations of production.

While the Party did not ignore ideological questions entirely, the incorrect understanding of the concept of national unity led to compromises in the school curriculum, concessions to bourgeois nationalism, in part, under pressure from the Church. For example, the children were once again taught to recite by rote the so-called Polish Child’s Catechism, a drill in “patriotism” devoid of all class content and which had been used in the schools before World War II: “Who are you?” “A small Pole.” “What is your symbol?” “The white eagle.”

"Where do you live?" "Among my own." "In what land?" "On Polish soil." "What is this land?" "My fatherland." And so on. While children in other socialist countries joined the pioneer organizations, the Polish children joined the scouts, with the Polish organization still maintaining its ties to the international scouting movement. Although efforts were made to impart to the Polish scouting organizations an appropriate socialist content, there were constant struggles within the often ideologically divided adult leadership over this question.

During a visit to Poland in 1974, when the economic situation seemed quite good, and the enthusiasm of the population was quite general, perhaps the strongest in the postwar period, I was told by nonparty university classmates of mine—persons who had participated minimally in political or trade-union activities and who were now deans and department heads, institute directors, and so on—many even practicing Catholics—that they were now studying books on Marxist ethics, seeking ways to fill gaps in the moral education of the university youth. These educators recognized that the ethical teachings of the Church were on an abstract level, having no relevance to the needs of the students who were preparing themselves for participating in the life of a developing socialist society. Since they also recognized that the public-school education curriculum had been grossly inadequate in this regard, they sought out Marxist books to fill this gap, even though they did not necessarily consider themselves Marxists in the philosophical sense.

Specific Background of the Economic and Political Crisis

Between 1970 and 1975 there was a great surge in economic expansion, during which time real incomes rose 40%. Instead of allowing for a consolidation of these gains, Polish economic strategists pushed ahead recklessly for still more ambitious advances. Capital investments were raised excessively, reaching 34-36% of the national income during the years 1974-76, where 25% would have been more reasonable.

Oblivious to the ideological, political, and economic consequences, the Polish leadership was snared in the trap of easy credit from the West, as if the entire country could be run on a credit card. It should be added that the interest rates were not at all favorable. Official circles, nevertheless, maintained that the Polish economy could easily sustain a foreign indebtedness of \$30 billion. (In early 1983, it was an intolerable \$27 billion.)

In the first half of the 1970s the world-wide demand for steel grew

rapidly. In the mid-1970s the United States government even put restrictions on steel exports because of the shortage. With huge coal reserves of its own and cheap iron ore available from the USSR, Poland decided to gamble on the Western market. The decision to build the Katowice Steel Works was made in the mid-1970s after the main features of the five-year plan for 1976-80 had already been fixed. This plant has a capacity greater than any other steel mill in Poland. As a result, Poland can now produce more steel per person than the US. But, as we all know, the bottom has fallen out of the steel market and Poland lost the gamble.

Poland tried to put itself in an advantageous position relative to the other socialist countries by heavy investments in new technologies based on licenses from Western firms. In doing so, Poland made little effort to coordinate these investments with other socialist countries through the Council for Mutual Economic Assistance (CMEA or Comecon), but went about it largely on its own, planning to attain a privileged position in Eastern Europe, an effective monopoly on the new technologies. Other socialist countries, however, not being privy to these plans, made their own arrangements to meet their needs for such new technologies and Poland thus found itself with high-technology industries dependent on supplies from capitalist countries, but unable to export these products, in the quantity contemplated, to other socialist countries and generally barred by the license arrangements from exporting them to the West. At the same time Poland found itself unable to come up with the foreign currency necessary to keep these new industries going even for domestic use. The present Party and government leader, Wojciech Jaruzelski, stated in 1982 that ten percent of these investments were for obsolete technologies being phased out by the firms that sold them to Poland, or else they involved imports of products available in Poland.

Additional difficulties were caused by a proliferation of overambitious, poorly thought-out, extravagant, and showy investments, for example, office buildings with automatically opening doors, to demonstrate, by appearance, Poland's leap into modern technology. While a good part of the investments were well-designed and necessary, even a small number of extravagantly wasteful ones can generate economic imbalance.

Accompanying these ambitious plans for expansion was the increasingly frequently heard slogan of turning Poland into a second Japan (This slogan was later raised repeatedly by Lech Walesa, leader of Solidarnosc, the union that was formed in the aftermath of the strikes of August, 1980.) Apart from the fact that the standard of living of the Polish worker compared favorably with that of the

Japanese worker, the adoption of a model of a distant capitalist country, rather than Poland's better-off socialist neighbors, such as the German Democratic Republic and Czechoslovakia, was not without overtones of nationalism and class ideology.

By 1978 the crisis in the capitalist countries disrupted Poland's plans for earning foreign currency, interfering with Poland's ability to pay for imports necessary for its ambitious investments. Construction schedules began to fall behind, newly established industrial projects in partial or full production could not obtain the necessary supplies. Difficulties began to mount in one industry after another as continued disruptions of supplies grew. Desperate measures were introduced to keep production going at all costs. Plants that normally worked six days a week were put on seven-day continuous production schedules, even though the production technology did not require it. For example, the Stomil tire factory in western Poland was put on a round-the-clock production schedule over the objections of the union in the plant. Under this system, workers no longer have a family day together, with the children home from school. Polish workers tolerate it when the production technology requires it or when the industry is one that is particularly crucial to the national economy, but there was no such need here. In this case, the union pointed out that production would most likely decrease, since the schedule did not even provide time for maintenance of equipment that was not designed to operate continuously anyway. The union headquarters in Warsaw rebuffed the local union leadership and insisted that the local union should be helping the implementation of the new schedule and not fighting it. The net result was a twenty-five percent drop in production in comparison with the normal work schedule.

As the economic problems multiplied, the central Party and trade-union leadership became increasingly insensitive to the warnings and objections from the local Party and trade-union organizations about the explosive situation that would result from the attempts to deal with the difficulties by shifting the burden onto the production workers, who were in no way responsible for the difficulties. Deteriorating working conditions, especially occupational health and safety conditions, were increasingly a source of worker concern.

While the economic problems became more severe in industry, the long-standing unsolved problem of agricultural production hung over the entire country like the sword of Damocles. Individual farmers cultivate 75% of Poland's agricultural land, the average farm being about 14.5 acres in 1980. Over the fifteen-year period between 1962 and 1977, Poland's per capita production of grain and legumi-

nous crops rose only 11%, from 0.53 metric ton per person to 0.59 ton per person. About 1 ton per person is needed for direct human consumption and for livestock feed to satisfy current standards of bread, cereal, and meat consumption. For the remaining six European members of the CMEA (USSR, Bulgaria, Hungary, GDR, Czechoslovakia, and Romania), the increase over the same period was four times that of Poland—44%, from a country by country unweighted average of 0.58 ton per person to 0.83 ton per person. During the same period, however, Poland's meat consumption rose 51%, about the same as the other socialist countries, but to make this possible Poland had to raise its grain imports about fivefold to five million tons a year.

In the capitalist world there are many developed countries that rely upon imports for grain and meat. In fact, most of Western Europe and Japan import more grain per capita than, say, Poland and the Soviet Union. There is nothing in principle wrong economically with a country exporting machinery and importing agricultural goods. A problem arises in the case of the socialist countries because, taken together, they do not produce the one ton of grain per capita regarded as the present desirable level. This means that there is an insufficient amount of grain available within the socialist market, so that a socialist country needing large amounts of grain must rely upon exports to the capitalist market to obtain foreign currency for importing grain. For this reason, the socialist countries as a whole plan to expand their domestic production of grain to meet their needs and to avoid falling into dependence on the capitalist market with its unpredictable economic crises. For Poland to orient its increased food consumption on imports from the West meant that it was placing its planned economy at the mercy of the anarchistic capitalist world market.

The collapse of the capitalist market after the mid-1970s spelled doom for such adventuristic economic policies. With the contraction of the capitalist market for Polish exports, Poland's ability to pay for its increasing imports of grain vanished. It became necessary to cut back on meat consumption by reducing the budgetary subsidies for retail meat sales, that is, to raise the price of meat. This triggered the strikes in the summer of 1980.

In the face of the inability of the central Party bodies to exercise leadership in conformity with the traditional norms of Party life and persistent distortion of the principle of democratic centralism, in the face of the long neglect of ideological struggle, the local Party organizations were disoriented and generally unable to influence the direction taken by the legitimate expression of worker indignation

over the mismanagement of the national economy and the continuing violations of trade-union and inner-Party democracy. At those enterprises in which the strikes broke out it was often the case that the Party organizations were unable even to convene Party meetings. The situation, however, was far from uniform. At many enterprises the local Party organizations and trade unions had been functioning in a manner appropriate to their historic mission and the worker protest took constructive form. Throughout the mid-70s, however, the internal and external forces of counterrevolution had been preparing to move rapidly into action, concentrating their efforts on the larger industrial enterprises. Counterrevolutionary organizations of intellectuals and loose associations of dissidents had been allowed to consolidate themselves in Poland under pressure from the Western powers as implicit conditions for the granting of credits and trade concessions. When Lech Walesa entered the Gdansk shipyards to assume leadership of the strike after it had already begun, he immediately took on as his advisor Jacek Kuron, the Warsaw philosopher who led the organization known as KOR (Worker Defense Committee). This organization had been formed by a group of Polish intellectuals specifically to develop a counterrevolutionary base within the labor movement. They saw the formation of an opposition trade-union movement as the key to successful counterrevolution.

It would be difficult to present the subsequent course of events as the product of a single grand conspiracy. The Polish authorities, however, have established that the Polish Cultural Center in Paris, formed around emigré Polish intellectuals, was used by the intelligence agencies of the Western powers to coordinate the strategy for counterrevolution. It was from this center that the dispatch of couriers with money and equipment was organized. From this Center the attempt was made to give tactical coordination to the policies that originated among the different counterrevolutionary groupings that emerged in the various regions of Poland. A principal vehicle for such tactical coordination was the Polish-language broadcasts of the CIA-controlled Radio Free Europe. Radio Free Europe and other Western radio stations were broadcasting a combined total of about 40 hours of program time every day in the Polish language. During my trips to Poland in 1980 and 1981 I heard Radio Free Europe broadcasting warnings that this or that demand was untimely and would upset the apple cart, that this or that dissident group was pushing too fast or too far. The broadcasts cautioned that only those demands which can be won should be raised.

In a special television program on the financial scandals involving the Vatican banking system, presented in February, 1983, over the Public Broadcasting System, the television news commentator

Jessica Savage reported that some \$40 million was supplied through a Vatican-controlled bank to Solidarnosc.

The sequence of phrases in the strategy for counterrevolution turned out to be the following.

The first goal was the formation of a new trade-union center that would disclaim any political ambitions, but would concentrate on economic demands. Although the first wave of strikes in the summer and fall of 1980 raised a wide range of demands, the principal focus was on wage increases. Walesa and the other leaders of Solidarnosc demagogically spread the message that the state had warehouses full of goods, that if higher wages were won, the government would be forced to release these reserves. For example, that year the potato harvest was disastrous because of heavy rains in the late summer and early fall. The potato harvest was 50% of the normal harvest. In October, 1980, Walesa declared that there were plenty of potatoes, that the government was hoarding them to turn them into vodka. By January, 1981, however, there were neither potatoes nor vodka in the shops. Walesa's economic advisors knew that there were no sizable reserves, that wage increases would not produce an improvement of the workers' living standards, but would deepen the economic crisis by creating a severe market imbalance. Nevertheless, demands for wage increases and strikes to force the government to grant the increases were easy to stimulate and were a good rallying point for launching a new union. These advisors also knew that the subsequent shortages that resulted from the increased money supply and the production disruptions caused by the strikes would create a deeper political crisis. In fact, by January of 1981 wages were some 25% higher while the amount of goods produced dropped some 5-10% in relation to the year before. Here we were witness to a deliberate effort to worsen the living standards of the Polish workers to move the crisis into the next stage.

To aid in this tactic, the supposedly nonpolitical orientation of Solidarnosc was expressed by the principle that the sole purpose of a trade union was to make demands on management in an adversary relationship. The purpose of a trade union, said Walesa and the national Solidarnosc leadership, was not to manage production, not to accept responsibility for the smooth functioning of production, and not to concern itself with labor discipline—for that there are managers and foremen. The function of the union is only to make demands. Such was the basic trade-union ideology propagated in Solidarnosc branches by the national leaders.

There was not a word about socialism, about worker participation in the management of enterprises, worker self-government, etc.

As a result of the continuing strike wave, the economic crisis was

artificially deepened. While national income dropped 2.3% in 1979, it dropped a further 6% in 1980 and another 13% in 1981 for a total decline of 21%.

While Solidarnosc leaders and advisors were publicly disclaiming any political ambitions for the movement, others were speaking more openly. An article in the dissident publication *Głos* (August 20, 1980) declared: "The creation of free trade unions will break away from under the control of the authorities an essential sector of public life. It will create conditions facilitating the formation and activity of other associations—intellectual, peasant, student, and also organizations of a purely political character."

The next phase was the direct reversal of the previous line. The new tactic was designed to atomize the economy by the demand that employees choose the enterprise management, in particular, the director.

The investments in factory plant in socialist countries are investments of the entire nation, not just of the group of workers that are employed there. A shoe factory has to provide shoes for the entire nation, not just for the workers that work there. The director must therefore be responsible to the regional or national economic bodies that coordinate national production, while at the same time being responsive to the needs of the employees of the plant. In fact, in one incident during the crisis the workers of a shoe factory demanded that all production rejects be automatically distributed among the workers. The director argued against this. He pointed out that the employees were already receiving enough production rejects to satisfy their own needs, even enough for their friends. He pointed out further that some of these production rejects were being sold by the workers who received them free. He argued further that if there was a blanket policy that all production rejects would be distributed to the employees, there would be reason to expect that the plant would be turning out nothing else. He said it was the responsibility of the plant management to ensure a supply of shoes to workers who did not work in shoe factories.

It is apparent that the demand that workers elect directors can turn into a demagogic demand that is only superficially democratic and in this context amounts to turning property of the people as a whole into the cooperative property of a smaller group. A consequence is the operation of a plant for the limited benefit of a small group. In Yugoslavia, policies in this direction have led to massive unemployment and severe economic dislocation and crisis, even though it is a socialist country. The object in raising this demand in Poland, however, was not to move Poland in the direction of the Yugoslav model—the Solidarnosc press never even suggested that. The

demand was raised in Poland for demagogic purposes, as a means of undermining the foundations of the socialist economy. The response put forth by the Polish government was that the director be appointed by the appropriate state agency with the concurrence of the workers employed in the enterprise. The Solidarnosc leadership would not accept this position.

By the spring of 1981 it became clear that the workers were becoming disillusioned with the strike tactics of Solidarnosc. The strikes produced economic chaos and no real material benefits. On the contrary, the strikes were leading to a continuing decline of real incomes. Solidarnosc officials would call strikes, but the workers would not always respond. With increasing frequency, Solidarnosc officials from the regional centers went to the enterprises and declared sit-in strikes (referred to as "occupation" strikes). The workers would often go home leaving the officials to occupy the premises. The Solidarnosc members were not yet ready to act against the Solidarnosc leaders, but it was becoming clear that the leaders were losing the support they had enjoyed earlier. In one incident in the summer of 1981 the Solidarnosc leaders ordered the dock workers in Gdansk not to load a shipment of Polish ham for export. The Solidarnosc branch at the Ministry of Foreign Trade in Warsaw sent a strong protest, pointing out that these were only token shipments designed to maintain a Polish presence in markets that Poland had developed through massive advertising campaigns abroad. If such token shipments were not made, Poland would have to spend huge amounts of foreign currency to reestablish itself in these markets once the current crisis was resolved. Moreover, these token shipments would have no noticeable effect on the meat supplies in the country and each kilogram of ham exported as a delicacy could bring in three times as much meat of the standard quality. The national leaders of Solidarnosc in Gdansk wanted to use this ban to show their muscle and would not budge despite the protest by the Solidarnosc union of the foreign-trade employees.

There was also increasing resentment by the blue-collar workers at being kept out of the leadership of the regional bodies by the intellectuals and the technocrats. When I was in Poznan in June of 1981, I saw posters on the walls of buildings with the slogan: "We demand workers on the interfactory councils." (These referred to the interfactory councils of Solidarnosc.)

The Western media, in their reports from Poland, would never mention the fact that six million workers remained in the reorganized older unions. There was strong support among the nine or ten million members of Solidarnosc for cooperation with these unions and such cooperation did often develop on the local level. The national and

regional leaders of Solidarnosc, however, generally adopted policies of confrontation with these unions and alienated many of the Solidarnosc supporters by focussing their activities on seizing assets of the existing well-functioning unions.

With the workers increasingly resisting provocative strikes, with the growing dissatisfaction with tactics that sought confrontation rather than solution of problems, Solidarnosc organized its own confidential sampling of opinion around the beginning of the summer of 1981. The sociologists who conducted this poll reported that about one third of the Solidarnosc members were showing "disenchantment" with the Solidarnosc leadership. The "disenchantment," however, increased noticeably in August when the media released the transcripts of the negotiations between the Solidarnosc national leadership and the government. The transcripts showed that Solidarnosc had tried to make a farce out of the negotiations, that there was no serious attempt to resolve any problems.

At this point it was becoming clear that time was running out. The national Solidarnosc convention in November would be the last chance to organize a seizure of state power. The call for what amounted to a counterrevolution was the dominant theme of the meeting. This was not, however, what the workers of Poland had wanted.

Even during the height of the strength of Solidarnosc, its national leaders did not dare call for an end to socialism, nor could one find a word in defense of socialism from these national leaders. The repeated fawning references to the political leaders of the Western powers made it clear in which direction the national Solidarnosc leaders wanted to take Poland.

The premeditation with which the bourgeois intellectuals used Solidarnosc consciously as a vehicle for counterrevolution is demonstrated by an article written in the July 6, 1981 issue of the Solidarnosc bulletin at Mickiewicz University in Poznan by the Polish philosopher Leszak Nowak. Nowak was one of the organizers of Solidarnosc at the university and was one of its principal ideological leaders. He already saw by July, 1981, that Solidarnosc was intrinsically limited in what it could do. Nowak wrote: "With full certainty we can put our hope in the growing readiness of the masses for opposition, because this opposition is with full certainty the main source of progress, because only thanks to it will we gradually liberate ourselves from socialism." This openness was not to be found in the national publications of Solidarnosc, but the actions of the national leadership demonstrated that this is what they had in mind.

The Path Out of the Crisis

Finally, in December of 1981 martial law was declared and the counterrevolution collapsed.

Reviewing the situation in Poland, the *Wall Street Journal* wrote on January 19, 1982:

When martial law finally came, the Solidarity union was no longer perceived by most Poles as the knight in shining armor still portrayed in the Western press. . . . By the time of the Dec. 13 crackdown, most Poles had come to view Solidarity far differently than they did when the union was born in the August 1980 strikes. It was no longer a unified organization fighting for the common good, but a movement torn by internal ideological differences and tarnished by the personal ambitions of many of its leaders. Some workers complained that intellectuals had taken over the union leadership and were misdirecting Solidarity.

The Western press, which so accurately reported the euphoria surrounding the union's birth, was remiss in chronicling the woes of its childhood—woes that almost certainly help explain the lack of any widespread emotional outburst of opposition to martial law.

A year later martial law was lifted. To restore social peace in the country the previously existing unions were disbanded and a new trade union movement is emerging. The Party was revitalized at all levels. The Party paid particular attention to its work in the military, where it had usually functioned on a highly principled ideological basis. The army enjoys the respect of the population and its leaders have not been associated with abuse of position, corruption, and bureaucratic methods. The army leadership has always stressed that the army is an institution serving the working class of socialist Poland. The Party's contribution to the ideological education program in the army has had positive effects on many young workers completing their military service and in many cases the initiating committees of the new trade-union organizations included workers who were stimulated into this activity during their military service. Younger workers are also less likely to have been "burned out" by the divisions and conflicts in the enterprises during the crisis.

During martial law, despite the ban on trade-union activity, workers were encouraged to form committees to reorganize the social services that were disrupted by the crisis. These services are

traditionally administered in socialist countries by the trade unions. Persons participating in these committees did so under conditions in which large numbers of previously active trade-unionists were numbed into inactivity. Cadres for initiating the new trade-union organizations also have come from such committees.

The revitalization of the Polish trade-union movement was regarded as an absolute necessity. This necessity springs from the working-class character of the Polish state. The working-class character of the Polish state was apparent throughout the crisis, even during such times when the strikes were at their peak and unions were fighting unions. This explains why the government continually tried to work with *Solidarnosc* as long as there was any chance that it would function as a legitimate trade union. When the divisions within the working class became so great that effective trade-union activity was impossible, the danger of counterrevolution grew and martial law had to be declared. The period of martial law was not used, however, to lay a basis for a Poland without trade unions, but to lay a basis for the emergence of a regenerated trade-union movement because for all practical purposes the trade-union movement had been destroyed by the divisions that had arisen within it.

The working-class character of the socialist state does not change even with the disaffection of some sections of the working class. The class character of the state is determined by the nature of the ownership of the means of production and the product of production, and in Poland these belong to the working people. These production relations did not change in any way during the crisis.

At this writing, March, 1983, Polish coal production, the motor of the Polish economy, is essentially back to normal. Other industries are returning to their previous levels of activity slowly but steadily. The vitality of the socialist economy was demonstrated by the fact that even during the worst period of the crisis, there was no unemployment or lack of the most essential goods and services except in rather localized situations.

The small size of the average Polish private farm makes an efficient agriculture for the production of grain impossible in Poland's climatic region. The solution demanded by the rural branch of *Solidarnosc* was the removal of the restrictions on the sale of farmland so that large private farms could be formed. Under Polish social conditions, the additional income derived from farms significantly larger than the present average size would not be consumed by their private owners, but would be accumulated and transformed into private capital to be invested in various speculative market activities. In other words, larger private farms in Poland

would become a source for the formation of private capital to compete speculatively with the socialist sector. The reproduction of the socialist relations of production and the consequent accumulation of the surplus product in the socialist sector is by no means a spontaneous process under socialism. The dominance of the socialist relations of production must be ensured through the dominance of the socialist sector in the circulation of commodities (that is, in trade). This dominance can only be guaranteed by the conscious implementation of socioeconomic policies that strengthen the socialist sector in relation to the private sector. Except for Yugoslavia and Poland, the socialist countries have solved this problem in agriculture by the formation of state farms, cooperative farms, and combinations of them. In Poland, the Catholic Church has vigorously opposed this socialization of agriculture, since the peasant owners of private farms constitute its power base. Since 1957, the Church has pursued a policy of avoiding open political confrontation with the leadership of the Polish United Workers Party as long as no attempt was made to change the existing social relations in the countryside. As a concession on its part, the Church hierarchy has even urged the faithful to vote for the ruling National Unity Front in the parliamentary elections. The price paid by the Party for these concessions of the Church has been heavy—the continuing inability of private agriculture to meet the growing needs of an industrial socialist society. The price has been not only economic, but political as well, since the Church presents itself as a “dissident” political center and exploits the religious beliefs of the population for its political strategy. The Church’s power in Poland, however, is limited by the fact that the socialist sector does dominate the economy in a real material sense and this dominance is reflected ultimately on the political and ideological plane, where the working class remains the dominant political force, despite the pressures on it from nonproletarian groupings. It is clear that the Party will eventually have to free itself from its political reliance on the Church if it is to free Polish agriculture from its economic and social backwardness. The time-tested path traveled by other socialist countries has been based on principled ideological struggle, backed by concrete material assistance, to win the peasantry over to the idea of voluntary formation of cooperatives. Consistent application of such a policy can force the Church to avoid confrontation in order to prevent a complete rupture of its ties with the rural population.

Unlike previous periods of difficulty in socialist Poland, it appears that the Party has come out of this crisis with a far greater unity and appreciation of the role of ideological activity than ever before, something which bodes well for the future.

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